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Residential Displacement -- An Update

October 1981

Report to Congress

ORIGINAL

RESIDENTIAL DISPLACEMENT -- AN UPDATE

REPORT TO CONGRESS

OCTOBER 1981

I

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FOREWORD

Residential displacement began to receive widespread media attention in the late 1970s. In 1978, Congress requested that the Department of Housing and Urban Development report on the nature and extent of this phenomenon and present recommendations for a national policy to deal with displacement. HUD responded in 1979 with a two-part Displacement Report, which noted that the available information was insufficient and that the Department had undertaken several studies to obtain a better understanding of the issue.

Residential Displacement--An Update is a follow-up report which provides a comprehensive assessment of the displacement phenomenon based on information not available in 1979. Our research indicates that displacement affects approximately one percent of U.S. households annually, but that the impact of displacement is more severe in cities and neighborhoods which are experiencing revitalization. Because of this, and because the nature of displacement varies widely from locality to locality, the Department believes that displacement can be dealt with most effectively at the local level.

This report is in response to Section 105(b) of the Housing and Community Development Act of 1980. It was prepared by the Office of Policy Development and Research under the direction of Howard Sumka, Deputy Director of Community Conservation Research, and Feather O'Connor, Acting Deputy Assistant Secretary for Policy Development. The principal authors are Mildrilyn Stephens Davis and George Ferguson, assisted by David Varady and Michele Roberto.

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Assistant Secretary for
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EXECUTIVE SUMMARY

This report was prepared in response to Section 105(b) of the Housing and Community Development (HCD) Act of 1980 (P.L. 96-399), which required HUD to "continue the study on involuntary displacement conducted under Section 902 of the Housing and Community Development Amendments of 1978 [P.L. 95-557] [and] to transmit...a report to Congress which [contains] (1) data collected since the initial report submitted under Section 902, and (2) further recommendations on minimizing involuntary displacement and alleviating problems caused by such displacement."

In addition to data that are available within the Department, the primary sources of data for this update of the 1979 report are research and technical assistance projects that HUD has funded to address various aspects of the displacement issue. The report also reflects information submitted in response to a December 1980 HUD solicitation in the Federal Register for public comments.

Any attempt to measure the extent of displacement must address the issue of how displacement should be defined. Part I of the 1979 report discussed the difficulties in establishing a single definition of displacement that would be universally workable or acceptable. The ideal definition would be unambigous and would set standards against which the degree of displacement activity and the effects on displacees could be assessed. Although there is no perfect definition of displacement, HUD has found one definition to provide the most useful conceptual framework. This definition contains two crucial components: the requirement that the move be necessitated by housing or neighborhood-related factors beyond the household's control, and a requirement that these factors make continued occupancy infeasible (as opposed to simply undesirable). According to this definition, which was developed by George and Eunice Grier:

> "Displacement occurs when any household is forced to move from its residence by conditions which affect the dwelling or its immediate surroundings, and which:
>
> 1) are beyond the household's reasonable ability to control or prevent;
>
> 2) occur despite the households's having met all previously-imposed conditions of occupancy; and
>
> 3) make continued occupancy by that household impossible, hazardous, or unaffordable." (Grier and Grier, 1978)

The report is divided into four sections: an introduction, a summary of the results of recent research sponsored by HUD and by other organizations, a description of HUD's anti-displacement efforts and the Department's conclusions and recommendations.

In recognition of the complexity surrounding the neighborhood reinvestment-displacement phenomenon, HUD developed and carried out a multi-faceted and comprehensive research effort to examine the issue. The research was designed to yield information on the dimensions of revitalization and displacement at the national, individual city, and neighborhood levels. Most of the effort has concentrated on specific revitalizing neighborhoods, the areas within which displacement generally occurs and is most easily observed.

The HUD research relies on two sources of national data: the Annual Housing Survey (AHS) and a recent analysis of data from the Panel Study of Income Dynamics (PSID). Recent refinements to the AHS have resulted in displacement estimates which adhere more closely to the above definition than did those contained in HUD's 1979 Displacement Report. The PSID is a longitudinal survey which has gathered a variety of information on the characteristics of a national sample of households and is well-suited to an analysis of displacment and its effects.

The city dimension of HUD's research effort involves Washington, D.C., a city selected because it is an extreme example of widespread reinvestment and because it has one of the nation's most comprehensive property information systems. The study examines the utility of this system for monitoring neighborhood change.

The major component of HUD's displacement research involves neighborhood level analysis through two separate but intertwined studies. The first, HUD's multi-city study, examines indicators of revitalization in two revitalizing neighborhoods and one non-revitalizing comparison neighborhood in each of six cities. Interviews were conducted with households currently living in two of the neighborhoods. The second study, a single-neighborhood case study in which former as well as current neighborhood residents were interviewed, focuses on San Francisco's Hayes Valley, one of the 12 revitalizing neighborhoods from the larger study. This is the only neighborhood in which former residents were sought in an effort to identify those who had been displaced. It was selected because residential turnover in Hayes Valley was both extensive and recent, making this neighborhood the best candidate for locating displacees.

The major conclusions of HUD's displacement research program are summarized below.

The Neighborhood Revitalization Process

HUD's research produced the following findings with regard to the neighborhood revitalization process:

- The start of revitalization is not characterized by sharp or abrupt changes in sales or rehabilitation activity. In addition, no single type of change serves as the most reliable indicator of the start of reinvestment.
- Indicators of revitalization do not change in an orderly or predictable manner, but fluctuate erratically.
- The common assumption that neighborhoods with the poorest quality housing and lowest socioeconomic status are more likely to revitalize than other neighborhoods was not substantiated.
- There is no evidence that revitalization proceeds in clearly definable stages in which one set of changes precedes another in a predictable fashion.

- Conventional theories about the actors involved at various points in the revitalization process were supported. Early inmovers to revitalizing neighborhoods are most likely to be single individuals and, if owner-occupants, to renovate their homes. Inmovers in later years are more likely to be husband-wife families and to come from the suburbs.

- The pattern of activity in revitalizing neighborhoods appears directly related to macroeconomic forces and metropolitan housing trends. While this is also true in similar, non-revitalizing neighborhoods, activity in the revitalizing neighborhoods is considerably greater and more than simply a reaction to macroeconomic forces.

Incidence of Displacement

Taken together, the HUD research and research sponsored by other sources yield the following conclusions:

- The incidence of displacement is not large at the national level. Preliminary Annual Housing Survey (AHS) estimates for 1979 indicate that between .8 and 1.1 percent of U.S. households, (1.7-2.4 million persons) were displaced by private activity that year. The higher figure is upwardly biased due to the inclusion of ambiguous cases which do not clearly represent displacement. The lower figure includes clear instances of forced moves as well as cost-induced moves. Other data indicate that one percent of all urban households were displaced annually from 1970 to 1977. These estimates are not limited to reinvestment-related displacement.

- The incidence of displacement is larger in cities and neighborhoods experiencing revitalization than in the nation as a whole, but still relatively few households are affected. The annual displacement rate in San Francisco's Hayes Valley is nearly 3 percent. Estimates from other research range from 1 to 7 percent of all households in selected cities.

- Of households that move, the percentage that are displaced is substantially greater in revitalizing cities and neighborhoods than nationally. While between 4 and 6 percent of all U.S. mover households were displaced in 1979, displacees represent 25 percent of all movers from Hayes Valley addresses between 1975 and 1978. City-wide estimates from other sources range from 10 to 25 percent of all movers, and in selected revitalizing neighborhoods as many as 57 percent of the movers were displaced.

Characteristics of Displacees

HUD has addressed two separate but related issues with regard to the characteristics of displaced households: the types of households disproportionately affected by displacement, and the household characteristics most strongly associated with the likelihood of being displaced.

- Displacement disproportionately affects minorities, low-income households, female-headed families, and renters. These households are often over-represented among displacees in comparison with non-displaced movers or the general population. HUD's research did not indicate that the elderly belong to this group, although other studies have found them to be disproportionately affected.

- Controlling for a variety of factors, households with high housing cost burdens, short durations of occupancy, living in or close to the central city of the SMSA, receiving welfare, having low levels of education, and with younger than average heads are the most susceptible to displacement. While a simpler analysis found that minorities also had higher rates of displacement than others, minorities are vulnerable primarily as a result of other associated characteristics such as those listed above.
- HUD's research indicates that the elderly are not particularly susceptible to displacement. There is a definite lack of consensus on this point among other studies, which contradict each other as to whether younger households are more likely than older ones to be displaced.
- Residents of long duration were not found to be overly vulnerable to displacement. This finding contradicts the popular notion that the typical displaced household has lived in its home for many years.

Effects of Displacement

- Displacees tend to move short distances. In Hayes Valley, nearly half of the displaced households either remained in the neighborhood or moved to nearby areas of the city.
- There is some evidence that repeated displacement may be occurring. In Hayes Valley, between 1975 and 1978 nearly two-fifths of the displaced households moved at least once after being displaced, although these later moves may not represent displacement.
- Nationally, displaced households experience significant increases in crowding and housing cost burden.
- Hayes Valley's displaced households generally improved their housing circumstances by becoming owner-occupants and increasing their living space. Housing costs increased for Hayes Valley displacees, but less so than for other movers.
- Nationally, some demographic groups are particularly likely to experience certain effects of displacement. Older displacees and those who are poorer than average experience greater increases in crowding than similar households who are not displaced.
- The effects of displacement on specific groups of households are not always predictable. Some negative effects are experienced by households not commonly considered to be at-risk, for example, whites and male-headed households. In addition, poorer households experience some positive changes after displacement.

- Hayes Valley displacees generally were more satisfied with their new homes and neighborhoods after moving. This is supported by other studies which also indicate equal or improved satisfaction after displacement.

HUD's Anti-Displacement Efforts

- HUD has undertaken a number of regulatory and other actions to ensure that HUD or HUD-assisted programs and activities that might generate displacement provide appropriate levels of relocation assistance.

- 12 local governments are utilizing HUD Innovative Grants for creative projects designed to assist low- and moderate-income residents of revitalizing neighborhoods to remain in their communities.

- HUD technical assistance funds have been used to develop local strategies for managing revitalization and minimizing displacement in several cities.

- HUD has funded a number of anti-displacement housing counseling projects. In addition, assistance is being provided to 60 HUD-certified housing counseling agencies in 15 cities to develop and incorporate displacement prevention counseling into their housing counseling programs.

- The Department has funded the development of a number of publications which may be used by local governments, neighborhood organizations, public interest groups, and others as resources for displacement prevention.

Conclusions and Recommendations

- Although displacement is not a widespread national phenomenon in terms of the numbers of persons and the percentage of recent movers who have been displaced, the data indicate that it remains a problem in some areas of major cities and can have a serious impact on the neighborhoods and households involved. Displacement is not an easily described phenomenon and the specific nature of displacement and its impacts vary from locality to locality. Displacement may result from private disinvestment, private reinvestment, and government programs. All of these forms of displacement can occur simultaneously in the same city or neighborhood.

- Refinements to the Annual Housing Survey have greatly improved its capacity to measure displacement. While the AHS figures do not adhere precisely to the definition adopted above, it is probably not possible to derive a more accurate national estimate. HUD will continue to rely on the AHS for national displacement data. Additional data collection efforts will be most fruitful if they are restricted to individual cities or neighborhoods and designed to facilitate the development of local solutions.

- Recognizing both the benefits of neighborhood revitalization and the negative impacts of reinvestment-related displacement, local governments should encourage reinvestment in a way that is sensitive to the housing needs of current low and moderate income residents and minimizes the potential for displacement. Local displacement remedies can address any combination of several broad goals and may be targeted to residents of revitalizing neighborhoods or to the housing market as a whole.

° The Department reaffirms its commitment to follow the statutory requirement in Section 902 to minimize the involuntary displacement of persons in connection with Federal or Federally-assisted programs and activities, and where such displacement is unavoidable, to provide appropriate relocation assistance as required.

° Except in the case of direct Federal involvement, the Department believes that localities must assume the responsibility for developing locally-tailored solutions to address displacement when it occurs in their areas.

° Because no single mechanism or level of government is capable of addressing all of the complex components of the displacement phenomenon, the long-term solution to the displacement problem is for all actors to increase their efforts to expand the opportunities available to low and moderate income households to reside in affordable, decent, safe and sanitary housing.

I. INTRODUCTION

Purpose

This report was prepared in response to Section 105(b) of the Housing and Community Development (HCD) Act of 1980 (P.L. 96-399), which required HUD to "continue the study on involuntary displacement conducted under Section 902 of the Housing and Community Development Amendments of 1978 [P.L. 95-557] [and] to transmit.... a report to the Congress which [contains] (1) data collected since the initial report submitted under Section 902, and (2) further recommendations on minimizing involuntary displacement and alleviating problems caused by such displacement."

Background

In response to growing public concern over the displacement of lower income households as a result of public and private reinvestment activity, Congress directed HUD in Section 902 of the 1978 HCD Amendments (1) to report on the nature and extent of involuntary displacement and (2) to submit recommendations for the formulation of a national policy both to minimize involuntary displacement under HUD programs and to alleviate problems caused by displacement due to publicly and privately-financed development and rehabilitation. 1/

1/ "The Congress declares that in the administration of Federal housing and community development programs, consistent with other program goals and objectives, involuntary displacement of persons from their homes and neighborhoods should be minimized. In furtherance of the objectives stated in the preceding sentence, the Secretary of Housing and Urban Development shall conduct a study on the nature and extent of such displacement, and, not later than January 31, 1979, shall report to the Congress on recommendations for the formulation of a national policy to minimize involuntary displacement caused by the implementation of the Department's programs, and to alleviate the problems caused by displacement of residents of the Nation's cities due to residential and commercial development and housing rehabilitation, both publicly and privately financed. In carrying out such study, the Secretary shall (1) consult with representatives of affected public interest groups, governments, and the development and lending industries; (2) provide data on the nature and scope of the displacement problem, both past and projected, and identify steps needed to improve the availability of such data; and (3) report fully on the current legal and regulatory powers and policies of the Department to prevent or compensate for displacement caused by its own programs." (Section 902, Housing and Community Development Amendments of 1978 (P.L. 95-557)).

In February 1979, HUD submitted an interim report to the Congress in response to the first part of that mandate. 2/ This initial report presented currently available information on the nature and scope of displacement. It noted that displacement is a common and continual process in housing markets, and that it is not a new phenomenon. It highlighted the problems of defining and measuring the extent of displacement; presented available data on the number of displacement-related moves; differentiated among the causes of displacement (private revitalization, housing abandonment, and government programs); summarized relocation assistance available under the Uniform Relocation Act; and cited the Department's legal powers and regulatory policies with respect to displacement which occurs in connection with the implementation of HUD programs and activities.

The second and final part of HUD's response to the Congressional mandate was completed in November 1979. 3/ The final report (Part II of the 1979 Report) found that displacement is a very serious problem in some areas of our major cities and can create hardships for those who are affected. This report also noted, however, that revitalization offers benefits to urban areas. HUD concluded that the most appropriate national policy on displacement would be to ensure:

1. That involuntary displacement of persons in connection with Federal or Federally-assisted programs and activities is minimized;
2. Where such displacement is unavoidable, that appropriate relocation assistance is provided;
3. That efforts are made to expand the housing supply available to low and moderate income persons; and
4. That sufficient research and technical assistance is provided to encourage and support the efforts of State and local governments, neighborhood-based groups, and the private sector to enable them to develop appropriate strategies and activities to minimize displacement and any attendant hardship caused by private revitalization.

2/ Interim Displacement Report, HUD-PD&R-382, February 1979, 110 pp.

3/ Final Displacement Report, HUD-PD&R-491, November 1979, 29 pp. To avoid possible confusion, this report will refer to the Interim Report (February 1979) and Final Report (November 1979) as Parts I and II (respectively) of the 1979 Displacement Report.

Noting that it has a responsibility both to minimize involuntary displacement in the conduct of its programs and to provide appropriate assistance to those who are forced to move, HUD adopted as a general goal a policy that no person is to be displaced as a direct result of a HUD or HUD-assisted program or activity unless an affordable, decent, safe and sanitary replacement dwelling is available. In Part II of the 1979 report, the Department proposed to make the following changes to HUD programs to meet that goal:

1. To incorporate into program policy a goal to minimize involuntary displacement by factoring in potential displacement as an explicit funding consideration;
2. To require entities receiving HUD assistance to ensure that appropriate relocation assistance is provided; and
3. To develop anti-displacement policies in addition to relocation (assistance) policies in HUD programs to mitigate displacement.

Supplementary Information

In addition to data that was available within the Department, the primary sources of data for this update of the 1979 report were research and technical assistance projects that HUD has funded to address various aspects of the displacement issue. These projects were discussed in the 1979 report and are discussed in Chapters II and III of this report.

However, to ensure that the most recent data that is available on the topic would be considered, on December 16, 1980, HUD published a public notice in the Federal Register to solicit copies of studies and reports on displacement and to invite recommendations for minimizing involuntary displacement and problems relating to it. The Department specifically sought the views of interested individuals, public interest groups, governments, private organizations, and other persons on the extent to which they believe there is a need for a national policy on displacement, the appropriate content of such a policy, and recommendations on ways to address displacement.

The publication of the Notice was followed by letters to the heads of over thirty national organizations that were known to have an interest in this issue. These follow-up letters called attention to the Federal Register Notice and asked that it be publicized as widely as possible among their membership.

HUD received over 50 responses to the Notice, and each was considered during the preparation of this report.

These efforts to solicit comments from the public were undertaken in the spirit of the mandate for the 1979 report, which specifically required such consultation.

Chapter II of this report summarizes the results of recent research sponsored by HUD and by other organizations. Chapter III provides an update of some of HUD's recent efforts related to displacement. Chapter IV contains the Department's conclusions and recommendations.

II. RESEARCH RESULTS

Introduction

In Section 902 of the Housing and Community Development Amendments of 1978, Congress requested information on "the displacement of residents of the Nation's cities due to residential and commercial development and housing rehabilitation, both publicly and privately financed" (P.L. 95-557). For this reason, Part I of the 1979 Displacement Report focused primarily on displacement due to reinvestment rather than disinvestment. This report continues that focus. A great deal is known about the dynamics and effects of disinvestment, and a myriad of remedies exists for dealing with disinvestment-related problems. Urban reinvestment, however, is a relatively new phenomenon, and not enough has been known about its potentially adverse effects for them to have been addressed previously by public policy.

Analyzing the displacement phenomenon is a difficult task for two principal reasons: there is no general agreement on a definition of displacement, and assessments of the severity of the problem vary depending on the geographic level at which the data are aggregated.

Definitions of displacement vary from the overly inclusive to the unnecessarily restrictive. For some analysts, reinvestment displacement occurs whenever residential turnover is accompanied by evidence of revitalization (Barnekov and Caron, 1981). According to others, involuntary movement related to neighborhood change is considered displacement only when the affected household cannot find standard and affordable housing in either the same neighborhood or a comparable one (City and County of Denver, 1979). One of the most useful definitions of displacement, as was noted in HUD's February 1979 Displacement Report, is that advanced by George and Eunice Grier:

> "Displacement occurs when any household is forced to move from its residence by conditions which affect the dwelling or its immediate surroundings, and which:
>
> 1) are beyond the household's reasonable ability to control or prevent;
>
> 2) occur despite the household's having met all previously-imposed conditions of occupancy; and
>
> 3) make continued occupancy by that household impossible, hazardous, or unaffordable." (Grier and Grier, 1978)

Most of the research undertaken by HUD and others since 1978 relies heavily on this definition or an adaptation of it. Although this definition clearly encompasses moves due to disinvestment and abandonment, HUD's research and other studies summarized here have focused almost exclusively on revitalization-related displacement.

The second difficulty in estimating the incidence of displacement is related to the level of aggregation of the data: the magnitude of the problem appears very different depending on whether the focus of analysis is the nation, an SMSA, a central city, a neighborhood or census tract, or some smaller area. In order to establish the priority which should be attached to displacement by the Federal government, some estimates of the national dimensions of the problem are needed. Because of the diversity of housing market conditions across the nation, however, these data tend to obscure population movement patterns within the major SMSAs.

A focus on the SMSA and central city levels, while essential for local anti-displacement planning efforts, also obscures relevant information. Data on net migration between cities and suburbs may shed some light on changes in the overall composition of these areas, but does not address the issue of how population is distributed within them, a key factor in any assessment of neighborhood revitalization and displacement. Cities that, on the whole, are continuing to experience decline in both population and quality of housing stock may also be experiencing neighborhood revitalization in isolated areas. Although a city may be losing population, certain neighborhoods within that city may be experiencing a large influx of households and a consequent increase in housing prices, which may result in displacement.

The neighborhood revitalization phenomenon has often been attributed to a back-to-the-city movement. As noted in the Displacement Report, Part I, research results indicate that this is not the case. The net migration within SMSAs is still from city to suburb, and most inmigrants to revitalizing neighborhoods are coming from within the city. Evidence suggesting that the back-to-the-city movement is a myth should not be construed, however, to mean that revitalization is also a myth. It is not necessary for inmigrants to come from the suburbs in order to increase housing demand and totally change the demographic composition of a neighborhood. Intra-city movement is sufficient to achieve this result, especially now that the "baby boom" generation is at the prime homebuying age (see Goetze, 1977), and contains a sizeable number of one and two person households.

HUD's Revitalization and Displacement Research

In recognition of the complexity surrounding the reinvestment-displacement phenomenon, HUD developed a multi-faceted research effort to examine the issue (Sumka and Cicin-Sain, 1978). The major components of this work, and their relationship to each other, are described in Figure 1. The research has been designed to yield information on the dimensions of revitalization and displacement at the national, individual city and neighborhood levels. Most of the effort has concentrated on specific revitalizing neighborhoods, the areas within which displacement generally occurs and is most easily observed. Much of the work has attempted to expand the general understanding of market generated revitalization, purportedly one of the major causes of displacement.

Two sources of national estimates of displacement are the Annual Housing Survey (AHS) and a recent analysis of data from the Panel Study of Income Dynamics (PSID)*. As was noted in Part I of the Displacement Report, AHS questions which related to displacement were too imprecise to allow for clear estimates, and those studies which rely on AHS data generally have found little displacement to be occurring. Some progress has been made, however, in reducing the ambiguity in the AHS displacement-related questions. To understand more fully the national dimensions of the problem, HUD commissioned a study which utilized the University of Michigan's Panel Study of Income Dynamics (PSID). The PSID is a longitudinal survey which has gathered a variety of information on the characteristics and circumstances of a national sample of households. Based on these families' reasons for moving, this study examines the incidence of displacement moves in urban areas between 1970 and 1977, and identifies the characteristics of families who are likely to be displaced.

At the city level, neighborhood revitalization in Washington, D.C.** is examined through the use of a locally-developed data base containing information on every property in the city. Washington was selected because it is an extreme example of widespread reinvestment, and because it has one of the most comprehensive neighborhood information systems. This study assesses the utility of such a system for monitoring and predicting neighborhood change. It does not directly address displacement because the city's data base does not contain the appropriate information.

Revitalization-induced displacement is a neighborhood phenomenon which is best examined at the neighborhood level. Therefore, the Department has concentrated its displacement research resources on smaller-area analyses. The major component of HUD's displacement research involves two separate, but intricately related, studies designed to yield information on neighborhood revitalization and displacement. The analyses focus on sales and rehabilitation activity, housing costs, housing and neighborhood quality, neighborhood services, demographic change in revitalizing neighborhoods, the incidence of displacement, and characteristics and experiences of displacees.

HUD's multi-city*** study analyzed property data from local records in six cities: San Francisco, Denver, Cincinnati, Atlanta, Philadelphia and Hartford. In each city, data were gathered for sample properties in two revitalizing and

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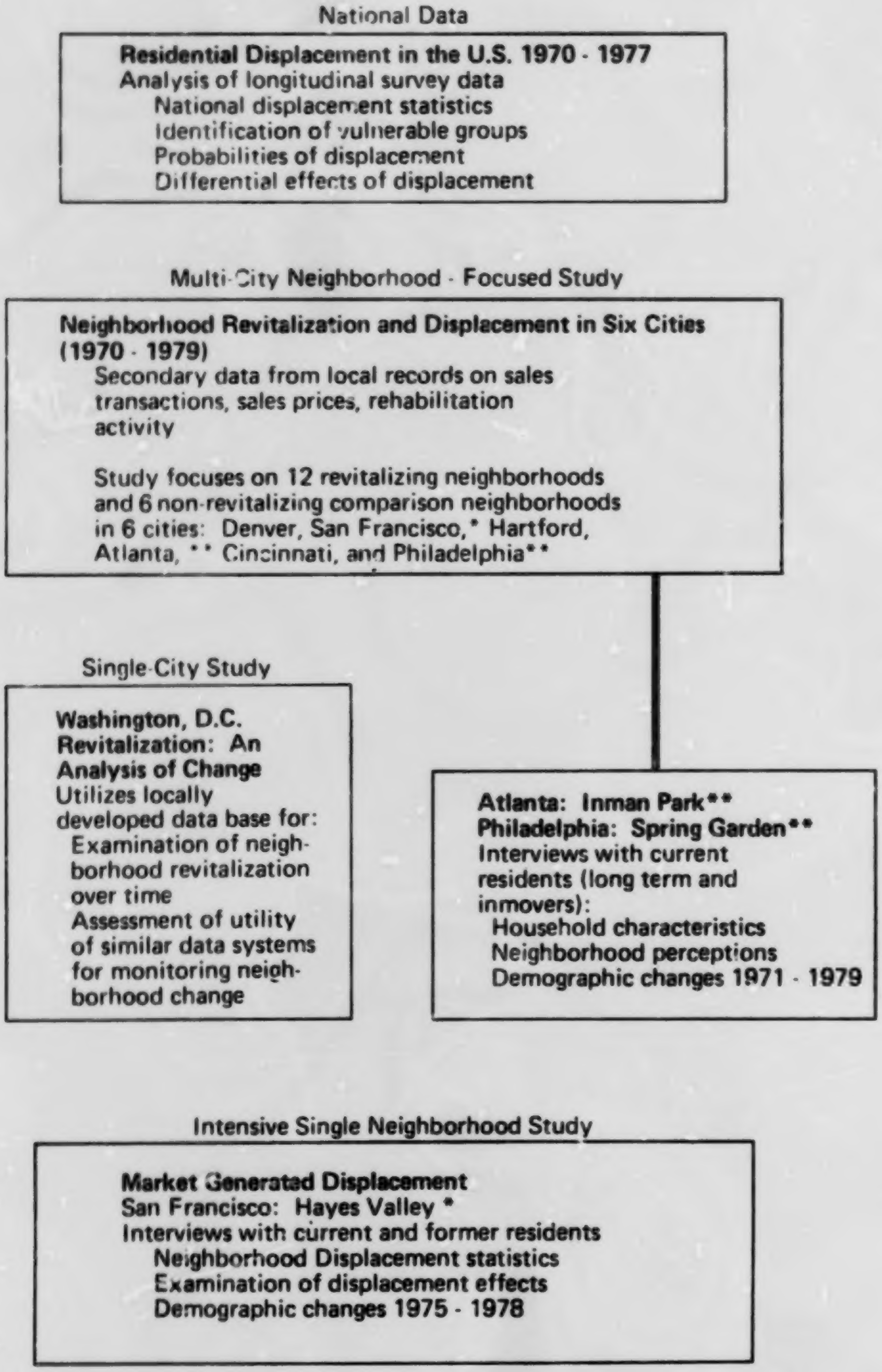
* Sandra J. Newman and Michael S. Owen, Residential Displacement in the U.S., Prepared by Institute for Social Research, University of Michigan for the Office of Policy Development and Research, HUD, 1981 (draft report).

** Frank F. DeGiovanni and Robert M. Ray, III, Revitalization in Washington, D.C: An Analysis of Change from 1970-1978, Prepared by Research Triangle Institute for the Office of Policy Development and Research, HUD, 1981 (draft report).

*** Frank F. DeGiovanni, Michael D. Connelly, Barrett R. Joyner and Nancy Ann Paulson, Private Market Revitalization: Its Characteristics and Consequences, Prepared by Research Triangle Institute for the Office of Policy Development and Research, HUD, 1981 (draft report).

Figure 1

HUD REVITALIZATION AND DISPLACEMENT RESEARCH



National Data

Residential Displacement in the U.S. 1970 - 1977
Analysis of longitudinal survey data
- National displacement statistics
- Identification of vulnerable groups
- Probabilities of displacement
- Differential effects of displacement

Multi-City Neighborhood - Focused Study

Neighborhood Revitalization and Displacement in Six Cities (1970 - 1979)

Secondary data from local records on sales transactions, sales prices, rehabilitation activity

Study focuses on 12 revitalizing neighborhoods and 6 non-revitalizing comparison neighborhoods in 6 cities: Denver, San Francisco,* Hartford, Atlanta, ** Cincinnati, and Philadelphia**

Single-City Study

Washington, D.C. Revitalization: An Analysis of Change
Utilizes locally developed data base for:
- Examination of neighborhood revitalization over time
- Assessment of utility of similar data systems for monitoring neighborhood change

Atlanta: Inman Park
Philadelphia: Spring Garden****
Interviews with current residents (long term and inmovers):
- Household characteristics
- Neighborhood perceptions
- Demographic changes 1971 - 1979

Intensive Single Neighborhood Study

Market Generated Displacement
San Francisco: Hayes Valley *
Interviews with current and former residents
- Neighborhood Displacement statistics
- Examination of displacement effects
- Demographic changes 1975 - 1978

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*San Francisco's Hayes Valley, in addition to being one of the multi-city study neighborhoods, is also the subject of a separate, single neighborhood analysis.

**In the multi-city study, household interviews were conducted in Atlanta's Inman Park and Philadelphia's Spring Garden to augment the property data. No interviews were conducted in the remainder of the neighborhoods.

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Figure 2

MULTI-CITY REVITALIZATION STUDY NEIGHBORHOODS

City	Revitalizing Neighborhoods	Comparison Neighborhoods
Denver	Baker City Park West/Whittier/Five Points	Jefferson Park
San Francisco	Hayes Valley* Dolores Heights	Mission District
Hartford	Asylum Hill West End	Parkville
Atlanta	Midtown Inman Park**	Poncey Highlands
Cincinnati	Mt. Adams Walnut Hills	Avondale
Philadelphia	Spring Garden** Fairmount	Kensington

*Hayes Valley is also the subject of a separate, single neighborhood analysis involving interviews with both current and former residents.

**Current residents of Inman Park and Spring Garden were interviewed. No households were interviewed in the remaining neighborhoods (except for the separate Hayes Valley study). The multi-city study is primarily an analysis of property data from local records.

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one non-revitalizing comparison neighborhood chosen for similarity in selected pre-revitalization conditions (Figure 2). The cities and neighborhoods were selected on the basis of local officials' perceptions that revitalization was occurring and that displacement might be a problem. The availability of relevant data which would allow meaningful analysis was also considered in selecting the cities. Interviews were conducted in two of the revitalizing neighborhoods, Atlanta's Inman Park and Philadelphia's Spring Garden, to provide information on the demographic changes accompanying revitalization in these neighborhoods. These neighborhoods were selected midway through the study, based on the finding that they had experienced more conversions of property from rental to owner-occupancy than had the other neighborhoods, and thus appeared to have the greatest potential for the displacement of renters. This study provides information on the characteristics of revitalization and changes occurring in revitalizing neighborhoods. While it does not attempt to assess directly the extent or effects of displacement, the neighborhood and property data do allow some inferences to be made about the potential for displacement in revitalizing neighborhoods.

Displacement is analyzed more directly in a companion study conducted in San Francisco's Hayes Valley*, one of the sites from the multi-city study. In addition to interviews with current residents, this study involved interviews with households that had left the neighborhood after the start of revitalization. All households moving from homes in Hayes Valley (whether or not they left the neighborhood) were classified as displaced or non-displaced movers based on their reason for moving. Residential turnover in Hayes Valley was both extensive and recent, making this neighborhood the best candidate for locating displacees.

Other Research

The major results of these HUD-funded studies have been compared and contrasted with other recent research findings. Because the 1979 Displacement Report contains an exhaustive review of prior displacement research, and since a number of reviews have been published since (LeGates and Hartman, 1981; Grier and Grier, 1981), the presentation is generally limited to empirical studies completed since 1979.

In order to facilitate comparisons with the HUD research, the Department's review focused on studies dealing with one or more of the following subjects: (1) stages of the revitalization process, (2) the magnitude and incidence of displacement, (3) the characteristics of displacees, and (4) the impact of displacement on households. Studies focusing primarily on other aspects of the displacement phenomenon (e.g. the characteristics of inmigrants to revitalizing communities), are not included in this review. In addition, our review of other research focused on privately induced displacement, although some studies dealing with displacement resulting from both private activity and public programs and projects have been included. Finally, the studies which are cited most often are those which have been judged to be of the highest technical quality and which provide the most reliable information regarding revitalization and displacement. The bibliography in Chapter II lists virtually every research report or article which has come to HUD's attention. Some of this material was submitted in response to the Federal Register notice requesting results of displacement research completed since 1979.

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* William Cozzens and Joanne Bauer, Market Generated Displacement: Single City Case Study, Prepared by National Institute for Advanced Studies for the Office of Policy Development and Research, HUD, 1981 (draft report).

Among the frequently cited studies are four which examined individual revitalizing neighborhoods. Barnekov and Caron's study of the Quaker Hill neighborhood of Wilmington, Delaware (1981) originated from the desire of the State Division of Historical and Cultural Affairs to determine whether the designation of this neighborhood as an historic district increased the potential for displacement. Rubenstein's research (1980) deals with the Over-the-Rhine community in Cincinnati, which is located immediately adjacent to the city's Central Business District. This area is only beginning to experience revitalization, but there is concern that because of the attributes of this area--its proximity to downtown, the architectural merit of many of the buildings, and the presence of several of the city's most important buildings (e.g., Music Hall)--the pace of private revitalization and displacement will increase. In addition to the problems of displacement faced by the total community population, this report focuses specifically on problems experienced by the elderly. Sands' paper (1979) is a case study of the Ramsey Hill neighborhood of St. Paul, a neighborhood which has experienced extensive private market revitalization. Finally, Schill's report (1981) on the Prospect Hill neighborhood of Cincinnati was a pilot study aimed at developing a methodology for the study of neighborhood revitalization and displacement.

The literature review includes five particularly useful city-wide studies:

The study of displacement in Denver's Neighborhood Revitalization Area originated from a concern about the role that governmental policies (as well as private market forces) play in the displacement phenomenon (City and County of Denver, 1979). This study relied primarily on existing public records to measure displacement resulting from demolitions, conversions to offices and hotel rooms, reconversions, and changes from rental to owner occupancy.

The City of Portland, Oregon commissioned two studies as a result of widespread concern about reinvestment induced displacement. One report (McGrath and Ohman, 1978) sought to determine the extent of conversions from renter occupied dwellings to owner occupied ones in communities experiencing revitalization. The report also focused on the role of a publicly supported rehabilitation loan program in the displacement phenomenon. The second report (Lycan, 1978) sought to measure the extent of displacement in the city as a whole, based on a two-stage social survey.

A study prepared by the City of St. Paul's Department of Planning and Economic Development (1980) originated from the perception that private-market urban reinvestment was leading to a growing displacement problem. An attempt was made to determine the extent to which public programs had contributed to displacement, either directly or indirectly, in these revitalizing communities.

Seattle's study sought to document the nature, causes and extent of neighborhood displacement (Seattle Office of Policy Planning, 1979). Three data sources were used: a random survey of households throughout the city, real estate sales data for 1976-78, and aggregated neighborhood change data provided by R.L. Polk and Company.

The only multi-city study to be included in the review (Henig, 1980) involves the analysis of R.L. Polk Company data from nine medium-sized cities. Henig tests for the validity of several conventionally accepted theses regarding the extent of gentrification.

Organization of Research Results

The remainder of this chapter organizes the results of the HUD studies and other research into four substantive areas: the revitalization process and displacement, the extent and magnitude of displacement (which includes a discussion of displacement causes), the characteristics of displacees, and the effects of displacement. Within each section the results of each relevant HUD study are presented separately, followed by a summary of findings from HUD's review of other research. The final section of this chapter provides an overall summary of the research results.

The Neighborhood Revitalization Process and Displacement

Most displacement occurring in recent years has been attributed to market-generated revitalization in older, inner-city neighborhoods. Accordingly, HUD's displacement research has examined the nature and magnitude of changes occurring in revitalizing neighborhoods and assessed the relationships among the various types of changes. One research objective was to determine the kinds and levels of changes which signal the start of revitalization and to suggest an early warning system which local governments might use to predict and track the progress of revitalization. Such knowledge would alert cities to potential displacement problems. The research did not, however, confirm all of the conventional hypotheses regarding the indicators and stages of revitalization; nor were the patterns sufficiently similar in the neighborhoods studied to suggest that a simple monitoring system could be widely applicable to different neighborhoods.

HUD's research produced the following findings with regard to the neighborhood revitalization process:

- The start of revitalization is not characterized by sharp or abrupt changes in sales or rehabilitation activity. In addition, no single type of change serves as the most reliable indicator of the start of reinvestment.

- Indicators of revitalization do not change in an orderly or predictable manner, but fluctuate erratically.

- The common assumption that neighborhoods with the poorest quality housing and lowest socioeconomic status are more likely to revitalize than other neighborhoods was not substantiated.

- There is no evidence that revitalization proceeds in clearly defineable stages in which one set of changes precedes another in a predictable fashion.

- Conventional theories about the actors involved at various points in the revitalization process were supported. Early inmovers to revitalizing neighborhoods are more likely to be single individuals and, if owner-occupants, to renovate their homes. Inmovers in later years are more likely to be husband-wife families and to come from the suburbs.

- The patterns of sales and rehabilitation activity in revitalizing neighborhoods appears directly related to macroeconomic forces and metropolitan housing trends. While this is also true for similar non-revitalizing neighborhoods, the activity in the revitalizing neighborhoods is considerably greater and more than simply a reaction to macroeconomic forces.

Indicators of Revitalization

Multi-City Study. The 12 revitalizing neighborhoods in the multi-city study were chosen on the basis of local officials' perceptions that reinvestment was occurring and that displacement might be a problem. The study period for which data were collected was also based on local perceptions of when revitalization began. In each city, a third neighborhood which was not experiencing revitalization but which matched one of the revitalizing neighborhoods as closely as possible on selected characteristics in 1970 was chosen as a comparison neighborhood.

The comparison neighborhoods were intended to provide a benchmark against which the changes observed in the revitalizing neighborhoods could be gauged. Changes in the revitalizing neighborhoods were expected to be substantially greater than those which occurred in the comparison neighborhoods.

The property data analysis portion of HUD's multi-city study was undertaken with the following expectations regarding the indicators that characterize neighborhood revitalization:

1) The start of reinvestment in the neighborhoods would be easily identified by relatively sharp or abrupt changes in the indicators examined.

2) After the initiation of revitalization, the volume of transactions, the cost of the housing and the amount of property renovation would increase gradually over time.

3) The overall changes in sales activity and rehabilitation accompanying revitalization would be quite large.

These expectations were realized only partially. The findings do not support the first two hypotheses which suggest initial abrupt changes followed by gradual increases over time. A clear starting point for revitalization could be identified in only a few of the neighborhoods-- Inman Park (Atlanta), Fairmount (Philadelphia), Spring Garden (Philadelphia) and Dolores Heights (San Francisco). In these neighborhoods, reinvestment began in the early seventies, faltered during the housing recession of 1973-1975, and resumed at an even greater pace after the recession. Most of the other neighborhoods experienced initial changes in sales activity and rehabilitation prior to 1974 but the change was less pronounced and was characterized by a greater degree of fluctuation. In all neighborhoods the most abrupt changes in renovation and sales occurred after the housing recession.

Comparing neighborhood changes with city and SMSA trends in both housing starts and permits issued for alterations suggests a strong inverse relationship between the level of housing construction and the rate of investment in older inner-city housing. In six of the study neighborhoods* the start of revitalization appears to have been due to a tight housing supply elsewhere in the SMSA. During the early 1970's, particularly in the first years of the housing recession, rehabilitation activity increased as housing starts decreased. This is not universally true, however; the start of reinvestment in five other neighborhoods** does not appear to have been linked to new housing construction rates in the city or SMSA.

With regard to the second expected finding, revitalization activity did not increase in an orderly or gradual manner. Changes in four major indicators -- percentage of properties sold, mean sales price, percentage of properties rehabilitated, and mean value of building permits--did not increase steadily. They fluctuated considerably, even after the start of reinvestment. Figure 3 shows the pattern of reinvestment activity in San Francisco's Dolores Heights over the course of the study period. The fluctuations and abrupt changes are particularly noticeable, as is the correspondence between the sharp decline in sales and increase in rehabilitation activity at the start of the housing recession in 1973.

The data analyzed do support the third hypothesis, which concerns the magnitude of the changes. Sales prices, sales volume and property renovation have increased dramatically during the time period studied. The increase in mean sales price exceeded the increase in the Consumer Price Index for housing during this period in most of the neighborhoods (Table 1). Furthermore, the changes in the revitalizing neighborhoods, both overall and since the start of reinvestment, are generally greater than the changes observed in the comparison neighborhoods.

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* Asylum Hill and West End (Hartford), Midtown (Atlanta), Baker and CPW/Whittier/ Five Points (Denver), and Hayes Valley (San Francisco).

**Dolores Heights (San Francisco), Inman Park (Atlanta), Spring Garden and Fairmount (Philadelphia), and Mount Adams (Cincinnati).

Although the changes in the revitalizing neighborhoods after the start of reinvestment were generally greater than those in the comparison neighborhoods, the differences in some instances were not very large. For example, the proportion of properties sold was significantly greater in the revitalizing than in the comparison neighborhood in only five neighborhoods. The unexpectedly large changes observed in the comparison neighborhoods are interpreted as reflections of the influence of macroeconomic factors -- inflation, rising interest rates, increased demand for housing -- on local housing markets. Every neighborhood, even those in which reinvestment apparently began prior to the start of the housing recession of the mid-1970s, experienced major increases in each of the indicators immediately following the housing recession. In fact, the percentage of properties renovated per year, the percentage of properties sold per year, and the incidence of multiple sales and speculation are greater after the housing recession in the majority of the revitalizing and comparison neighborhoods. The pervasive influence of the pent-up demand on the local housing markets in each of the six study cities, however, should not obscure the fact that the amount of property rehabilitation in the revitalization neighborhoods generally is significantly greater than the renovation performed in response to macroeconomic forces in the comparison neighborhoods.

Washington, D.C. Revitalization indicators were also examined in Washington, D.C. This study investigated the relationships between selected initial neighborhood characteristics and five indicators of revitalization. The purpose of this analysis was twofold: first, to identify which types of neighborhoods and census tracts are most likely to revitalize, and second, to suggest which data indicators provide the most reliable evidence that an area is beginning to experience reinvestment. To accomplish this, neighborhoods were classified according to a number of their characteristics in 1970:

-- socio-economic composition (education, income, race, poverty);

-- housing conditions (mean quality of original construction, mean rent, mean value, percentage of units overcrowded, mean age, mean improvement value);

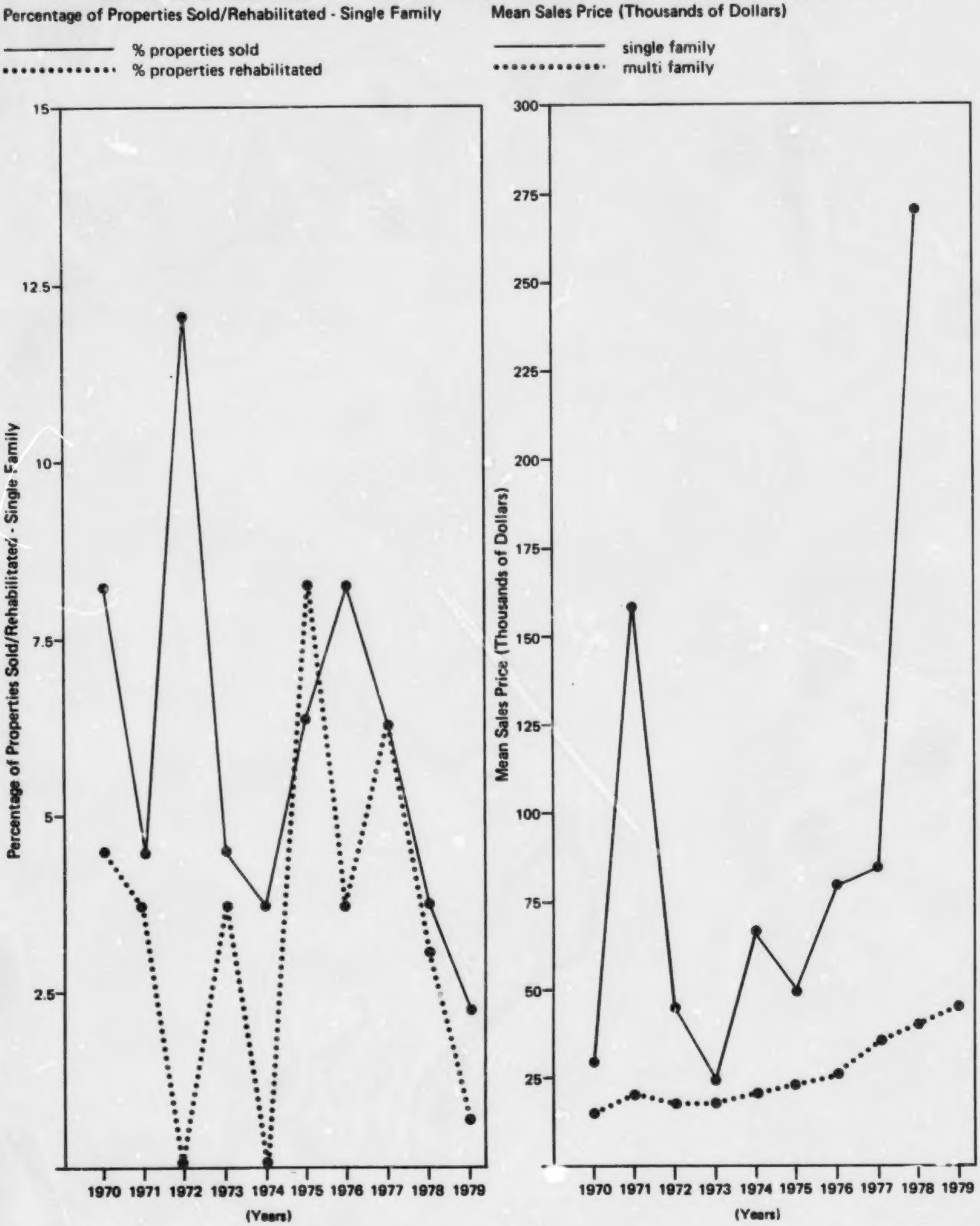
-- type of housing (percent of owner-occupied housing); and

-- neighborhood stability (mobility rate between 1965 and 1970).

The five indicators or variables which were used to judge the extent and nature of revitalization were:

Figure 3

REVITALIZATION ACTIVITY IN DOLORES HEIGHTS, SAN FRANCISCO 1970 - 1979



Source: DeGiovanni, Frank F, et al. *Private Market Revitalization: Its Characteristics and Consequences.* Prepared by Research Triangle Institute (Washington, D.C.: Office of Policy Development and Research, HUD, 1981 (draft report)).

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Table 1

PROPERTY SALES AND REHABILITATION ACTIVITY IN REVITALIZING AND COMPARISON NEIGHBORHOODS IN SIX CITIES

City/Neighborhood	Study Period*	CPI Housing Increase %	Single-Family Sales Price Increase %	Properties Sold %	Properties Rehabilitated %
ATLANTA	1971-79	81.1			
Midtown			75.3	72.6	36.1
Inman Park			285.4	76.3	30.8
Poncey Highlands**			132.3	66.0	14.0
CINCINNATI	1967-79	98.6			
Mt. Adams			315.1	56.5	46.7
Walnut Hills			26.1	34.5	49.2
Avondale**			30.6	36.2	43.9
DENVER	1973-79	91.4			
Baker			443.1	59.4	37.6
CPW/Whitter/FP			314.9	49.0	51.5
Jefferson Park**			176.5	55.6	39.9
HARTFORD	1975-79	91.4			
Asylum Hill			136.1	46.2	40.5
West End			119.1	46.4	32.9
Parkville**			2.5	38.8	31.2
PHILADELPHIA	1971-79	80.0			
Spring Garden			-91.4	66.9	18.6
Fairmont			330.3	50.2	7.5
Kensington**			40.4	48.0	4.5
SAN FRANCISCO	1972-79	83.2			
Hayes Valley			66.7	51.3	47.9
Dolores Heights			n/a	42.5	33.5
Mission District**			264.6	42.4	23.6

*Study period is the same for all neighborhoods within each city

**Comparison Neighborhoods

Source: DeGiovanni, Frank F. et. al. Private Market Revitalization: Its Characteristics and Consequences. Prepared by Research Triangle Institute for the Office of Policy Development and Research, HUD, 1981 (draft report).

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-- percent change in the number of arms-length sales;*

-- percent change in mean sales price;

-- multiple sales as a percent of all sales;

-- percent of all sales represented by resale of a property bought within the previous twelve months and resold for a high rate of appreciation, and

-- changes in the rate of owner-occupancy.

These changes or activities were measured for the time period 1970-1978, and for the shorter periods 1970-1972, 1973-1975, and 1976-1978. This analysis examined changes in the District as a whole, and also focused on two broad revitalizing areas -- Capitol Hill and Central D.C., an area which encompasses the essentially contiguous revitalizing neighborhoods of Dupont Circle, Adams Morgan, and Logan Circle.

The prevailing wisdom suggested that tracts or neighborhoods with low socioeconomic status and low value housing were more likely to revitalize than tracts of higher status and quality. This was not always found to be the case. Only one condition thought to be associated with revitalization--the prevalence of high profit/high turnover (or speculative) sales--was significantly greater in the tracts with the poorest quality and lowest status in 1970. For all other indicators, these tracts displayed very erratic behavior over the 1970-78 period. In Capitol Hill, for example, the largest increase in sales volume occurred in the lowest status tracts from 1973 through the end of the period, while these tracts experienced the largest increase in sales price only between 1973 and 1975. The increase in the proportion of owner-occupied properties and the incidence of multiple sales were usually more pronounced in the higher quality and status tracts. In Central D.C., the expected findings were obtained only for the period starting after 1975; even then, only increases in the volume of sales, the incidence of speculative sales, and the rate of homeownership were related to the tract conditions in the anticipated way.

Assuming that the five variables examined are good indicators of revitalization, it appears that the lower status and quality neighborhoods are not necessarily the ones most likely to revitalize. As explained below, this unexpected finding may be attributable, at least in part, to heterogeneity among tracts in the degree of reinvestment which had occurred prior to 1970, and to clustering of activity in smaller areas within tracts.

In some of the tracts examined, reinvestment had started prior to 1970, the first year of available data. The hypothesis regarding the types of census tracts likely to revitalize may be most applicable, however, to areas or to a time period where no previous revitalization has occured. Further, a different pattern of change may characterize tracts or neighborhoods at different time periods during the reinvestment process.

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*Sales in which the two parties are neither related nor under any pressure to conclude the transaction. Such sales prices are assumed to reflect the actual market value of the property.

In addition, the measurement of change at the census tract level may not be sufficiently precise to reveal evidence of neighborhood change where activity is clustered within tracts. Through block-level analysis, the study did find small levels of clustering of short-term/high profit sales within tracts in Central D.C. It appears, then, that changes occurring in clusters of blocks within census tracts may not be noticeable at the tract level, and that a unit smaller than the census tract is necessary for the analysis of such activity.

Thus, while the study appears to indicate that the lower quality neighborhoods are not the most likely to revitalize, a different conclusion might have been reached if the analysis were standardized to account for variation among tracts in the year revitalization started, or if changes were examined at a geographic level smaller than the census tract.

Stages of Revitalization

Various analysts have advanced the theory that revitalization occurs in stages, with a distinct set of changes characterizing each stage. Table 2 summarizes three similar models (Clay, 1978; National Urban Coalition, 1978; National Association of Neighborhoods, 1980).

All of the stage models agree that revitalization begins with the inmigration of "risk oblivious" middle-income households, who often have nontraditional lifestyles, and who move into declining neighborhoods to purchase and renovate properties for their own use. As confidence in the neighborhood increases, the process enters a second stage during which more risk-conscious families (e.g. families with children, single women, older couples) arrive. The first and second stages generally involve only single-family homes. At its inception, revitalization is an uncoordinated process carried out almost entirely by individual households. Later, in stage two, realtors begin to promote the neighborhood, while cities often begin to make public improvements.

It has generally been assumed that this inmigration of middle class families leads to significant displacement of lower income families and that displacement is most severe during the third stage. Beginning in this stage, according to the models, multi-family units are affected. By this time, the neighborhood is perceived as a safe investment, banks begin to provide mortgage loans and home improvement financing, and code enforcement programs are often implemented. This stage is characterized by the most dramatic increases in sales prices and speculation.

By the fourth stage, most of the residents are middle and upper class professionals and the bulk of the properties have been rehabilitated. Speculation is said to decline.

One objective of the HUD multi-city study was to test the stage models of revitalization. Rather than uncovering clear patterns of stage development, the study found that changes reinvestment activity in these neighborhoods did not increase steadily or gradually but fluctuated and were often abrupt. Gradual changes did occur in various neighborhoods at specific points but this not the rule. In addition, there was no evidence of systematic patterns in which one set of changes preceded another. Most of the indicators examined

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TABLE 2

MODELS OF NEIGHBORHOOD REVITALIZATION STAGES

	Dimensions	Clay	National Urban Coalition	National Association of Neighborhoods
STAGE I			Start-Up Phase	Start-Up
	PEOPLE	Risk takers, pioneers, young couples, professional white collar workers. Little displacement. Few or no children.	Middle class people renovate properties for their own use.	Risk oblivious middle-income individuals purchase properties in a declining neighborhood. Single people, no children.
	PROPERTY	Older, architecturally distinct properties improved through sweat equity.	Scale of renovation small. Single family homes rehabilitated.	Single family - homes are renovated by owner occupants.
	MARKET	Private capital invested.	Sales prices low; financing difficult to obtain.	Realtors become aware of the potential of market. Mostly VA/FHA mortgages; area still redlined.
	POLICY RESPONSE	Little public recognition.		
STAGE II			Buy-In-Phase	Heating-Up
	PEOPLE	Same characteristics as in Stage I. More young professional people move into the neighborhood. These in-movers are the same as the pioneer renovators. Displacement increases.	More of the same types of inmovers purchase properties, rehabiltiation spreads.	Steady stream of inmovers, more risk-conscious.
	PROPERTY	Renovation activity spreads.		
	MARKET	Realtors begin to be involved in process; small scale speculation begins.	Confidence in investment potential of neighborhood increases.	Realtors promote the neighborhood; small scale speculation occurs. Increase in sales activity. Market value of properties risking and redlining eases.
	POLICY RESPONSE			City government begins improvements in the neighborhood.

TABLE 2 (Continued)

Models of Neighborhood Revitalization Stages

	Dimensions	Clay	National Urban Coalition	National Association of Neighborhoods
STAGE III			Take-Off Phase	Take-Off
	PEOPLE	Continued influx of individual investors. New residents begin to organize. Displacement a serious problem.	More risk-conscious in-movers; security minded and status conscious.	More higher-income individuals enter neighborhood. Families start to move in.
	PROPERTY	Physical improvements very visible.	Multi-family properties begin to be involved in sales/speculation activity.	Rehabilitated fronts more obvious; some multi-family properties are converted to condominiums.
	MARKET	Banks begin to invest in neighborhood.	Speculation increases significantly.	Sales frequency and prices increase dramatically. Neighborhood considered a a safe investment.
	POLICY RESPONSE	Public improvements; code enforcement.		Code enforcement.
STAGE IV			Fill-In Phase	Stabilization
	PEOPLE	Inmovers more from business managerial middle class - more stable type of residents than the initial in-movers. More husband-wife families.	Home ownership increases substantially.	Upper and middle-income professionals are the bulk of the residents.
	PROPERTY		Multi-family properties continue to sell.	Most properties are recycled.
	MARKET	Price and demand still high.	Property values greatly increase. Financing not as difficult to obtain.	Extremely high property values/prices. Sales still increase; speculation decreases.
	POLICY RESPONSE		Code enforcement.	

Source: DeGiovanni, Frank F. et. al., Private Market Revitalization: Its Characteristics and Consequences. Prepared by Research Triangle Institute for the Office of Policy Development and Research, HUD, 1981. (draft report).

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seemed to change in parallel fashion, with peaks of activity occurring at roughly the same times during the study period (see Figure 3, Page 16). The study also found evidence that macroeconomic forces may have influenced both the fluctuations in housing activities and the often parallel changes in revitalization indicators. As mentioned earlier, the existence of peak levels of activity in most attributes prior to 1974 and after 1975 suggest that the housing markets in revitalizing neighborhoods were influenced substantially by the macroeconomic situation.

While these results appear to disprove the stage theories of revitalization, the household survey data from the multi-city study suggest that the models more accurately predict changes over time in the characteristics of inmover households. Unfortunately, this type of information is not generally available to local governments and cannot be used for monitoring neighborhood change. The analysis of household characteristics in Inman Park and Spring Garden found tentative evidence supporting the following aspects of the stage descriptions: (1) In the early years a greater proportion of inmover households were first-time homebuyers than in later years; (2) in Inman Park, the percentage of households moving from the suburbs was greater in the later years; (3) households moving to Spring Garden, in the earlier years (and still living there)* were more likely to be single persons, while households moving to the neighborhood in the later years (and remaining) were more likely to be comprised of husband-wife couples; and (4) a slightly greater proportion of the owner-occupants who moved to Inman Park in the early years (and remained) renovated their homes than did later inmovers.

Despite this evidence of adherence to stage theory descriptions of typical inmovers, HUD's research indicates that neighborhood revitalization is not the thoroughly upper middle class activity it is often depicted as being. While households that have purchased homes in the neighborhoods clearly have a higher socioeconomic status than the original residents, this is not at all true of inmover renters. Low-income renter households continue to move to Inman Park and Spring Garden after ten years of revitalization. Interestingly, the continued presence of substantial low-income populations in the neighborhoods apparently has not discouraged the investment of large amounts of resources in the purchase and renovation of properties by new residents.

In summary, HUD's research suggests that neighborhood revitalization is not an orderly or predictable process. While indicators such as changes in sales volume, sales prices, and rehabilitation activity are extremely useful in monitoring revitalization, they cannot be used to predict it.

These findings imply that the monitoring and managing of neighborhood change will not be a simple task. They suggest, first, that no one type of change will serve as the most reliable indicator of revitalization, since conclusions regarding the beginning of reinvestment vary with the indicator used. Second, the simultanteous occurrence of peak activity in more than one indicator suggests that the reinvestment process is not characterized by a set of phases in which the neighborhood is dominated by one type of change or activity.

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*Data on the characteristics of households who entered the neighborhoods during the revitalization period but who moved out prior to this study are not available.

Extent and Magnitude of Displacement

An effective response to the problem of revitalization-induced displacement requires accurate information on the number of households displaced annually. At the national level, such information can be drawn from by the Annual Housing Survey (AHS) and the Panel Study of Income Dynamics (PSID). Additions to of the mobility questions on the AHS make it possible to formulate a more comprehensive estimate of displacement than was possible in Part I of HUD's 1979 Displacement Report. The PSID analysis provides national estimates of displacement for all families living in urban areas with central city populations of 500,000 or more.

The Hayes Valley study estimates the incidence of displacement in one neighborhood. This study is an effort to examine intensively a single revitalizing neighborhood in a city where the displacement problem has been reported to be extremely severe. Additional information on the dimensions of displacement is provided by HUD's multi-city study. While this study does not address the displacement issue directly, it does examine some proxy measures involving tenure conversions which are likely to displace renters.

Taken together, the HUD research and research sponsored by other sources yield the following conclusions:

- The incidence of displacement is not large at the national level. Preliminary Annual Housing Survey (AHS) estimates for 1979 indicate that between .8 and 1.1 percent of U.S. households (1.7-2.4 million persons) were displaced by private activity that year. The higher figure is upwardly biased due to the inclusion of ambiguous cases which do not clearly represent displacement. The lower figure includes clear instances of forced moves as well as cost-induced moves. Other data indicate that one percent of all urban households were displaced annually from 1970 to 1977. These estimates are not limited to reinvestment-related displacement.

- The incidence of displacement is larger in cities and neighborhoods experiencing revitalization than in the nation as a whole, but still relatively few households are affected. The annual displacement rate in San Francisco's Hayes Valley is nearly 3 percent. Estimates from other research range from 1 to 7 percent of all households in selected cities.

- Of households that move, the percentage that are displaced is substantially greater in revitalizing cities and neighborhoods than nationally. While 6 percent of all U.S. mover households were displaced in 1979, displacees represent 25 percent of all Hayes Valley movers between 1975 and 1978. Citywide estimates from other sources range from 10 to

25 percent of all movers, and in selected revitalizing neighborhoods as many as 57 percent of the movers were displaced.

Annual Housing Survey

One logical source of data on this issue is the Annual Housing Survey, which includes "private displacement" and "public displacement" as two of the major reasons for move. As noted in Part I of HUD's Displacement Report, these responses to the AHS indicated that 3.8 percent of all movers, or 0.6 percent of all households,* were displaced annually by public and private activity between 1974 and 1976. These estimates, however, were both over and under-inclusive. They wrongly include households that moved because of eviction or mortgage default, but exclude moves caused by greatly increased housing costs which may well result from neighborhood revitalization.

In recognition of these problems, the AHS has been modified to improve its estimates of the national extent of the private market-induced displacement. Rather than being lumped into a single category, moves caused by private displacement are now distinguished as follows: building is converted to condominium; building was closed for rehabilitation; rents were raised, the owner sold the building; the owner closed the building with no reason; the building was converted to nonresidential use; and other. Similar disaggregation of the response "wanted less expensive housing" made it possible to identify households who moved because their housing costs greatly increased. The estimates of private displacement presented in this report include such cost-induced moves in addition to all household moves identified through the private displacement response.

The first three private displacement reasons may be assumed to reflect reinvestment, while the remaining categories are less straightforward and may include instances of disinvestment as well as moves which do not meet the Griers' displacement criteria. Unfortunately, it is still not possible to identify and delete from the displacement count those households that moved as a result of eviction or mortgage default. Households moving for these reasons may be counted either among those who indicated a displacement reason other than the ones specified or among those who did not respond to the follow-up question on the specific type of private displacement. Including these categories results in an overcount of displaced households. Excluding them, on the other hand, may produce an underestimate to the extent that households who moved for legitimate but unspecified displacement reasons would not be counted. Therefore, the AHS estimates are presented both with and without households in the nonspecific categories. The true number of households displaced in connection with private activity falls somewhere in between, and not all of this private displacement is clearly attributable to reinvestment.

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*These estimates of the national incidence of displacement are based on U.S. population and household size figures for 1976 and 1979. See U.S. Department of Commerce, Bureau of the Census. Statistical Abstract of the United States. Washington, D.C., U.S. Government Printing Office, 1980, Table No. 62, Page 46.

Table 3

HOUSEHOLDS DISPLACED BY PRIVATE ACTIVITY: DISTRIBUTION BY REASONS FOR MOVE PRELIMINARY 1979 ANNUAL HOUSING SURVEY ESTIMATES (UNWEIGHTED DATA)

Main Reason for Move	Percent
Housing costs greatly increased*	41.8
Owner sold building	22.9
Owner converted to condominium	3.9
Building closed for rehabilitation	2.2
Rents were raised	2.0
Building converted to nonresidential use	.9
Building closed; no reason	.3
Other	20.4
Specific reason not given	5.6
TOTAL	100.0

Incidence of Displacement	All Reasons	Non-Specific Reasons Omitted
Percentage of households affected by private displacement:	1.1	.8
Percentage of movers affected by private displacement:	5.7	4.5

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*This reason was not included in the question on displacement by private activity. It is a subcategory of moves to obtain lower rent or less expensive housing.

**The last two categories (other, specific reason not given) contain an unknown number of households who moved as a result of evictions or mortgage defaults, and who should not be included in the displacement estimate. These categories are nevertheless included because they may also contain households who moved for legitimate displacement reasons other than those specified. The table shows the estimated incidence of displacement both with and without these non-specific categories.

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These refinements to the AHS have produced an increase in the incidence of displacement. Preliminary results from the 1979 AHS indicate that displacement resulting from private activity (including greatly increased housing costs) affected between .8 and 1.1 percent of all households and from 4.5 to 5.7 percent of all movers. This is equal to between 600,000 and 850,000 households or from 1.7 - 2.4 million individuals.* The reasons for moving are presented in Table 3. The single most prevalent reason is a great increase in housing costs. Sale of a building by the owner also accounts for a large share of private displacement moves.

Panel Study of Income Dynamics (PSID)

The PSID data support earlier conclusions that displacement affects only a small proportion of households nationally, and indicate that about one percent of urban families were displaced annually from 1970 to 1977. These displaced families represent 4.9 percent of all movers on an annual basis. Over the entire period, 5.1 percent of urban families were displaced (8.2 percent of all movers) at the national level. These figures are consistent with the 1979 preliminary Annual Housing Survey figures cited above.

The displacement definition from which the PSID estimates were derived is based on the Grier and Grier definition (see page 5), amended to exclude moves resulting from natural disasters, fire, or other accidental or malicious destruction of property. This definition also excludes such involuntary moves as those due to incarceration, health problems, induction into the armed services, or divorce. Since the PSID analysis is based on a classification after the fact of reasons families gave for moving, it was not possible in all cases to distinguish disinvestment from reinvestment. Both sources are thus included in the estimates.

The reasons for moving which were considered displacement moves in this study and the proportions of displacees citing each reason are presented in Table 4. It is worth noting that nationally only about 10 percent of all displacees during 1970-1977 were forced to move by direct public action. In addition, nearly 27 percent of the forced moves were unambiguously due to disinvestment causes. The remainder of the moves resulted from causes which may or may not have been related to reinvestment. By far, the greatest single cause of displacement nationally is the sale or conversion to owner-occupancy of rental property, which accounted for 27 percent of displacement moves from 1970 to 1977. Reoccupation of a rental unit by the landlord is the next most prevalent cause, followed closely by demolition of property.

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*These estimates of the national incidence of displacement are based on U.S. population and household size figures for 1976 and 1979. See U.S. Department of Commerce, Bureau of the Census. Statistical Abstract of the United States. Washington, D.C., U.S. Government Printing Office, 1980, Table No. 62, page 46.

Table 4

DISTRIBUTION OF DISPLACEMENT MOVES BY REASON HOUSEHOLDS IN LARGE METROPOLITAN AREAS 1970-1977

	Total Percent
1. Sale of Unit	
Sale of rental property or conversion of rental property to owner-occupied property	27.0
2. Public Sector Displacement	
Urban renewal, highway or other public facility construction, purchase of property by public agency	10.4
3. Reoccupied by Landlord	
Current occupant evicted because property is reoccupied or transferred to a new tenant by owner	15.2
4. Other Displacement	
Eviction for no reason, eviction for remodeling or renovation, termination of lease, prohibitive rental increase	7.6
5. Property Demolished	
Demolition of property for any reason	13.3
6. Property Condemned	
Eviction due to condemnation of property by a public authority	10.0
7. Condition of House	
Move due to deteriorating condition of house	11.4
8. Condition of Neighborhood	
Move due to deteriorating condition of neighborhood	5.2
	100.1
	n=211

Source: Newman, Sandra and Owen, Michael, Residential Displacement in the U.S., 1970-1979. Prepared by Institute for Social Research, University of Michigan for the Office Of Policy Development and Research, HUD, 1981 (draft report).

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Hayes Valley

The Hayes Valley study focuses specifically on displacement associated with private market investment activity in a single neighborhood. The neighborhood was selected from among the 12 multi-city neighborhoods because it appeared to be the one in which the greatest number of displacees could be located. This assessment was based on local perceptions of the high rate of residential turnover associated with renovation, and the relatively recent start of revitalization. These factors suggested the existence of a large number of movers (potential displacees) who had moved recently enough to be traced. From 1975 to 1978, about 10.2 percent of all households residing in Hayes Valley were displaced due to reinvestment activity. This translates into an annual rate of just under 3 percent. The displaced households represent 25.4 percent of all movers from Hayes Valley addresses.

The Hayes Valley statistics, like those from the PSID national analysis, are based conceptually on the Grier displacement definition, but in this case only reinvestment causes are considered. The identification of displacees for this study was a two stage process designed to minimize ambiguity. First, all households indicating that they moved involuntarily for housing or neighborhood-related reasons (e.g. condominium conversion, sale of rental property, excessive rent increase) were considered potentially displaced. Next, households were eliminated from the potential displacement count if the household indicated that a change in household needs or circumstances was its most important reason for moving; if the household indicated a voluntary or personal reason which conflicted with the involuntary reason; or if the household's rent/income ratio was so low before moving that the maximum rent increase allowed under the San Francisco rent control regulations would not have pushed it above the 25 percent of income standard. Table 5 shows the distribution of reasons for moving from Hayes Valley addresses.

While the annual rate of displacement in Hayes Valley is only slightly higher than the national rate from the PSID Study, the percentage of movers displaced on an annual basis is substantially greater in this revitalizing neighborhood than nationwide. The difference in assessing this pheonomenon at the national as opposed to the neighborhood level is underscored by the fact that disinvestment causes are included in PSID analysis; if such causes were excluded, the discrepancy would be greater.

Multi-City Study

While the HUD multi-city study does not provide direct evidence of the amount of displacement occurring as a result of revitalization, some inferences can be drawn indirectly from data on properties converted from rental use to owner-occupancy. It should be noted, however, that not every conversion represents a tenant displacement. A tenant household may have purchased its unit, or a rental unit may have been vacant prior to conversion. In some converted buildings, tenants may continue to rent from investor-purchasers, or may have life tenancy rights under state or local regulations.

The study found that a substantial percentage of rental properties was converted to owner-occupancy in most of the neighborhoods studied. More than 30

Table 5
REASONS FOR MOVING FROM HAYES VALLEY ADDRESSES*
1975-1978

	Outmovers	Intra-Neighborhood Movers
Voluntary Reasons for Moving	(n=47)	(n=8)
Neighborhood was deteriorating	3.6%	0%
Didn't like neighbors, unfriendly neighbors	4.5	0
Neighborhood was unsafe, high crime	13.5	2.3
Poor neighborhood environment	3.6	2.3
Poor accessibility/services	3.6	0
Poor housing condition/management	9.9	9.3
New neighborhood is improving	2.7	0
Bought a home	0.9	2.3
To be closer to Zen Center	0	2.3
Subtotal-Voluntary reasons	42.3%	18.5%
Involuntary Reasons for Moving	(n=24)	(n=13)
Rents too high	15.3%	7.0%
Eviction	3.6	11.6
Condominium conversion	2.7	11.6
Subtotal - Involuntary reasons	21.6%	30.2%
Household-Related Reasons for Moving	(n=40)	(n=22)
Personal	22.5%	25.6%
Need more/less space	13.5	25.6
Subtotal - Household related reasons	36.0%	51.2%
Total	99.9%	99.9%

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*The table shows outmovers' reasons for moving from Hayes Valley and intra-neighborhood movers' reasons for moving to other addresses in Hayes Valley. Each group of movers includes both displaced and non-displaced households. Respondents were asked to indicate which of their reasons for moving was most important. The table shows the percentage of respondents who reported a reason as the most important factor in their decision to move.

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percent of all properties which were renter-occupied or vacant* at the start of revitalization had become occupied by owners in 1979 in five revitalizing neighborhoods and three comparison neighborhoods. This would seem to provide graphic evidence that renters are adversely affected by revitalization. However, based solely on this measure, it appears that the potential for displacement is not unique to the revitalizing neighborhoods. Although the percentage of properties shifting to owner-occupancy is quite high in most revitalizing neighborhoods, in only one of these neighborhoods, Atlanta's Inman Park, is the volume signficantly greater than in the comparison neighborhood (see Figure 4).

The net shift from renter to owner-occupancy in a neighborhood is a useful indicator of the reduction in housing opportunities for renters in the neighborhood. However, this measure understates the absolute amount of displacement that may have occurred in neighborhoods with a relatively high percentage of owner-occupancy prior to revitalization. The net increase in owner-occupied properties was calculated separately for single-family and multifamily properties. Between 1970 and 1979 three neighborhoods experienced net increases of greater than 10 percent in the number of owner-occupied single-family properties, and in two of these the increase was greater than 20 percent. For multifamily properties, increases in owner-occupancy of between 10 and 20 percent occurred in three neighborhoods. Two neighborhoods, Inman Park and Spring Garden, experienced owner-occupancy increases of more than 10 percent in both single and multifamily properties.

The above data on the conversion of rental property refer to structures. Surveys of Inman Park and Spring Garden households provide additional, similar information regarding change in tenure for individual units in order to estimate the impact on households. Based on the interview data, the percentage of rental units converted to owner-occupancy between 1970 and 1979 is estimated at 20.7 percent in Inman Park and 14 percent in Spring Garden. Such conversions as a percentage of total housing units amounted to 15.8 percent in Inman Park and 10.6 percent in Spring Garden. While conversions are not the only revitalization activity which might lead to displacement, and while not all conversions cause displacement, these figures do give some indication of the potential for displacement.

Despite conversions from rental to owner-occupancy, the demographic analysis of Inman Park and Spring Garden indicates that a fairly large rental supply remains. This supply serves both lower and middle-income households.

Condominium Conversion Study

A recent HUD study, The Conversion of Rental Housing to Condominiums and Cooperatives (HUD, 1980), examined the extent to which condominium conversion involuntarily displaces prior tenants. Including both those who had moved as of January 1980 (58 percent) and those who continue to rent but may

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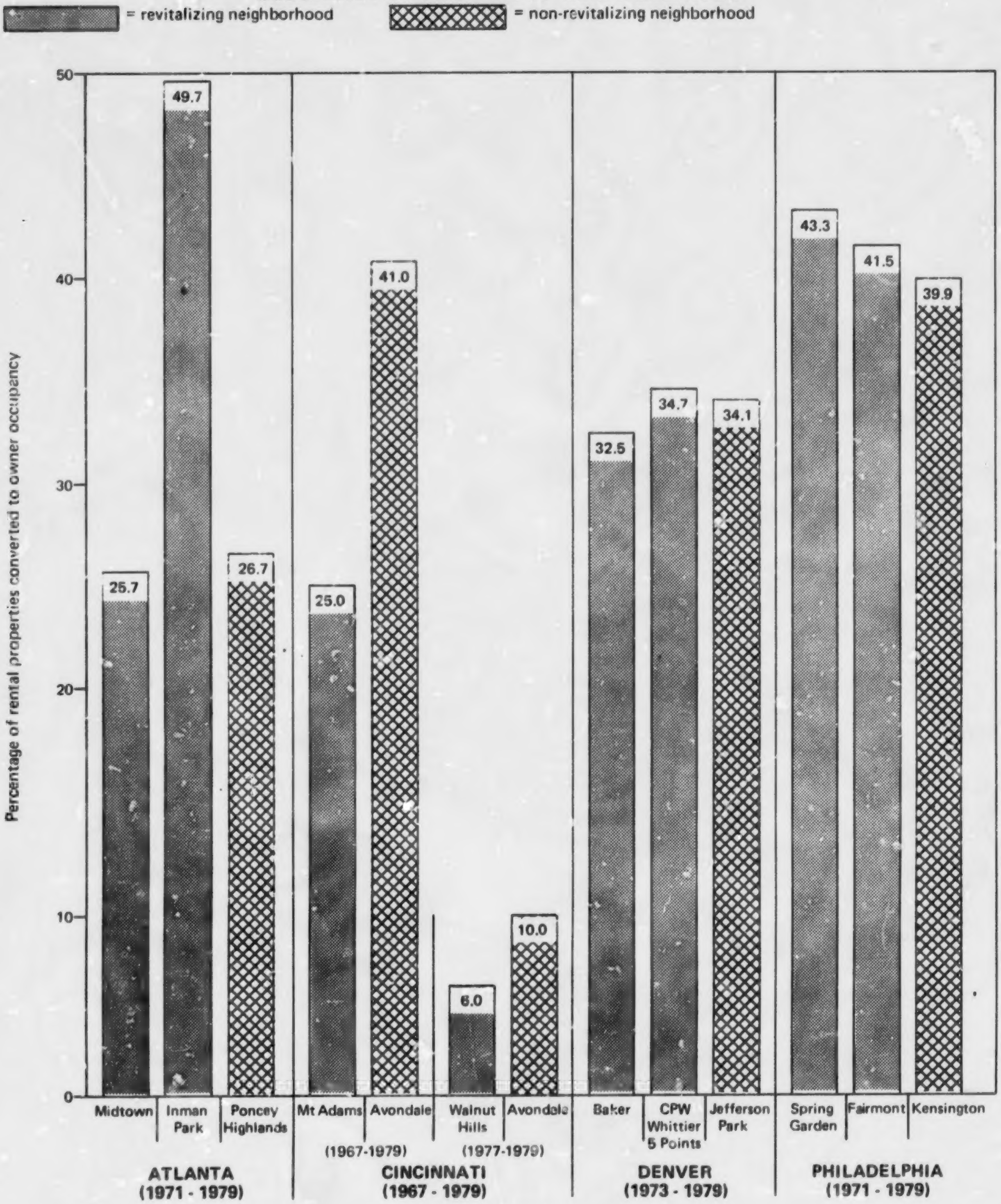
*Local records indicated only which properties were owner-occupied. It was not possible to determine whether other properties were vacant or occupied by renters.

Figure 4

PERCENTAGE OF RENTAL PROPERTIES CONVERTED TO OWNER OCCUPANCY SINCE START OF REVITALIZATION*



Source: DeGiovanni, Frank F, et al. *Private Market Revitalization: Its Characteristics and Consequences.* Prepared by Research Triangle Institute (Washington, D.C.: Office of Policy Development and Research, HUD, 1981 (draft report)).

*Tenure data were not available for the entire revitalization period in Hartford and San Francisco.

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yet move (a maximum of 8 percent), the average proportion of prior tenants who move out following conversion may be as high as two-thirds. However, the fact that nationally, nearly 40 percent of all renters move at least once in any given year suggests that a sizeable proportion of these moves would have occurred in the absence of the conversion.

The condominium study found that about 42 percent of those who moved out of converted buildings had incomes which, according to generally accepted criteria, were too low to have permitted them to buy their converted units. A slightly higher proportion, 47 percent of all former residents, said they did not purchase because they believed they could not afford to do so.

Other Research

One recent report (LeGates and Hartman, 1981) estimates that 2.5 million persons are displaced each year. This is not inconsistent with HUD's preliminary 1979 AHS estimate, which indicates that between 1.7 and 2.4 million persons (.8 to 1.1 percent of the U.S. households) were displaced as a result of private activity in that year. Persons displaced by public activity are not included in the latter figure because the results are not yet available.

Additional estimates of the incidence of displacement are provided in a number of local studies not funded by the Department. Since these local studies employed different methodologies and definitions of displacement, (see Table 6) only general conclusions can be drawn from comparisons among them. These general conclusions should be interpreted carefully, based on the information in the table.

Of four city-wide studies, only one provides an estimate which is substantially higher than the national figures provided by the AHS (1.1 percent) and PSID data (1.0 percent). In Seattle, 7 percent of the families were displaced annually (Seattle Office of Policy Planning, 1979). In three other citywide studies the incidence of displacement is nearly identical to the AHS and PSID national estimates: Portland, 1.4 percent (Lycan, 1978); Denver, 1 percent (City of Denver, 1979) and St. Paul, 1 percent (City of St. Paul, 1980). This information indicates that the incidence of displacement, when estimated as a percentage of all households, does not appear to be substantially higher at the city level than it is nationally.

Many analysts also provide estimates of the percentage of movers (as opposed to households) who are displaced. On this measure, displacement appears to affect a greater percentage of movers in selected cities and communities than of movers on a national level. The 1979 Annual Housing Survey reveals that nationally about 6 percent of moves were attributable to displacement. In contrast, citywide studies indicate that about one fifth of the moves in Seattle (Seattle Office of Policy Planning, 1979) and between 10 and 14 percent of the moves in Portland were due to this cause (Lycan, 1978, McGrath and Ohman, 1978).

Table 6

RECENT LOCAL STUDIES OF THE MAGNITUDE AND EXTENT OF DISPLACEMENT

Author/ Community Year	Displacement Definition	Method	Sample Size	Incidence of Displacement	Comments
Barnekov & Caron Quaker Hill, Wilmington, Del. 1981	Reinvestment displacement indicated by a building's becoming vacant combined with evidence (e.g. from neighbors) of an eviction by the landlord or an increase in rents that forced the occupants to move. Disinvestment displacement indicated by a building's becoming vacant combined with the observation that the building deteriorated physically during the year.	1) Household survey of all dwelling units first in August 1979 and then in August/September 1980. 2) Attempt made to trace outmovers using information provided by neighbors, telephone directories, etc. 3) Residential units that had experienced turnover were divided into 3 groups: a) cases where there was no indication of displacement b) cases where there was indication of displacement as a result of disinvestment and (c) cases where there was indication of displacement as a result of reinvestment.	Attempt made to interview all households: 166 in 1979 & 147 in 1980.	20% of turnover was due to reinvestment displacement, 11% was due to disinvestment displacement.	A variety of techniques were used to determine whether outmovers had moved voluntarily or involuntarily and if they had moved involuntarily, whether they had been displaced due to disinvestment or reinvestment. These techniques varied in terms of their reliability.
City & County of Denver Revitalization Area 1979	Displacement measured by adding the number of households affected by the five causes of displacement that could be quantified: demolitions, conversions to offices, conversions to residential hotel rooms, reconversions (e.g. of single-family homes which had been converted to multi family units,) condominium conversions, units changing from renter to owner. The The resulting estimate was divided in half based on the assumption that half would be able to find standard and affordable housing within the neighborhood, and that this group should not be considered displaced.	Research relied exclusively on city records such as building permits and a land use file.	Not applicable	1 percent of households in area were displaced in 1978.	1) Estimate is of reinvestment displacement only. 2) Estimate does not include displacement due to rent increases and utility costs. 3) The definition of displacement used in this study is relatively unique, i.e., it takes into account the ability of the outmover to find decent and affordable housing.

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TABLE 6 (Continued)

RECENT LOCAL STUDIES OF THE MAGNITUDE AND EXTENT OF DISPLACEMENT

Author/ Community Year	Displacement Definition	Method	Sample Size	Incidence of Displacement	Comments
City of St. Paul 1) Citywide	1) Measured by a 3 stage process: (a) identify neighborhoods with greater than average percentage increase in high income households, (b) from these tracts pick ones with greater than average decreases in low-income households. (c) In the latter group of tracts count "all household moves in excess of the city-wide average moving rate" as displacement".	1) Analysis of Polk Company data for 1976 and 1978.	not applicable	1) 1 percent of families displaced annually.	1) Technique to measure city-wide displacement excludes possibility of displacement in neighborhoods not experiencing marked changes.
2) Summit-University, West Seventh St. and Dayton's Bluff neighborhoods.	2) Measured by 2 questions (a) whether the move was voluntary or involuntary and (b) the reasons for moving. Reinvestment displacement reasons included conversions of rental housing to owner-occupancy or condominiums and sale for renovation.	2) Polk Company data were used to identify movers who were then interviewed.	2) 168	2) In 2 of 3 neighborhoods, one fifth of movers displaced. In the third one tenth of movers displaced.	
Henig Multi-City 1980	Displacement inferred from aggregate census trends: an increase in the proportion of families headed by a white collar worker and a decrease in the proportion headed by a blue collar worker.	Study utilizes R.L. Polk Company data on 967 census tracts in 9 medium-sized cities. Data for each tract are based on 4 distinct canvasses: 2 about 1 year part in the mid 1970's and 2 about 1 year apart in the late 1970's.	Not applicable	6.4 percent of the tracts and 4.6 percent of the households fit the pattern of gentrification induced displacement.	Authors acknowledge that methodology "could lead us to overestimate gentrification induced displacement if, for example, professional households simply are filling in tracts from which vulnerable population groups are voluntarily exiting."
Lycan Portland[b] 1978	1) Measured by responses to an open-ended question on moving including such factors as demolition, owner sold home or couldn't afford to maintain. 2) Also measured by responses to closed ended questions regarding importance of high taxes, payments and other costs.	A two stage survey: - random sample survey of city's population (telephone) - personal interviews with recent movers.	-4,000 - 600	1) 1.4% of the city's population displaced per year for the period. Ten percent of movers were displaced. 2) From 5-16% of movers cited cost factors as a "primary" or "significant reason" for moving.	

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Table 6 (Continued)

RECENT LOCAL STUDIES OF THE MAGNITUDE AND EXTENT OF DISPLACEMENT

Author/ Community/ Year	Displacement Definition	Methods	Sample Size	Incidence of Displacement	Comments
McGrath & Ohman Portland$_{b,c}$ 1978	Displacement measured by the number of recent home buyers in the sample who reported that renters occupied the home immediately before the respondent purchased the home.	1) A 3.5% sample of sales records for 1977 was drawn and an attempt made to interview current residents. 2) A separate sample of families was interviewed who had purchased homes and also had applied for public rehabilitation funds.	185	14 percent of the turnover in 1977 was due to this type of displacement.	1) Study limited to only one type of reinvestment disdisplacement (i.e. resulting from the dwelling unit's change from rental to owner-occupancy). 2) It was only possible to obtain information on the tenant status of the previous residents in about one half of the cases.
Rubenstein Over-the-Rhine, Cincinnati 1980	"Displacement was judged to have occurred in a structure which changed ownership if at least one of the following conditions applied: 1) the family which moved out of the structure received a notice to vacate the property from the landlord for reasons other than non-payment of rent. 2) the structure was currently occupied by a family with substantially different socio-economic characteristics than the previous occupants, 3) the structure was formerly occupied by tenants but is now vacant."	1) City records used to identify properties which changed ownership. 2) On site residents interviewed. 3) Williams Directory used to track former residents who were interviewed.	108 former residents	1.8 percent of structures experienced displacement annually during the period, January 1, 1977 to May 5, 1980	1) Assumption made that owners could not be displaced. 2) The fact that the structure (rather than family) was unit of analysis) makes it difficult to compare to other studies. 3) Non-random procedures were used to select families to be interviewed in larger structures.
Sands Ramsey Hill, St. Paul 1979	Displacement was measured by the responses of movers to a question asking whether they had moved involuntarily. Involuntary reasons cited were: rental property converted to condominium, owner sold for renovation, eviction-property to be remodeled and new owner began to remodel apartment.	1) Polk City Directories from 1970 - 1977 were used identify families who had moved from properties which had undergone substantial renovation. 2) Present renovators were asked in interviews to list former residents of their homes. 3) Former residents who were located & interviewed were asked for names of persons who had lived in study area (snowball sampling).	112	57 percent of movers displaced.	The use of "snowball sampling" resulted in a non-random sample.

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Table 6 (Continued)

RECENT LOCAL STUDIES OF THE MAGNITUDE AND EXTENT OF DISPLACEMENT

Author/ Community Year	Displacement Definition	Method	Sample Size	Incidence of Displacement	Comments
Schill Prospect Hill, Cincinnati 1981	Displacement defined as "involuntary movement induced by increased rents, conversion of sion of rental units to owner-occupancy, or increased property taxes in areas of the city experiencing neighborhood reinvestment." Displacement was measured by the responses of outmovers to a question on the main cause of the move. The responses were classified into 3 groups: (1) voluntary, (2) reinvestment caused and (3) disinvestment caused.	1) Polk directories used to identify families that moved out of area in 1977 and 1978. 2) Attempts made to telephone interview all outmigrants.	55 former resident families.	27% of movers displaced by gentrification an additional 13 percent were displaced due to disinvestment.	
Seattle Office of Policy Planning City-Wide 1979[b]	Displacement defined as "involuntary movement of households caused by changes external to the household," including demolition, conversion to owner status and cost increases. Displacement measured by responses to a question dealing with the reason for the most recent move. One of the four categories for the responses was "forced or involuntary", and included increased housing costs, conversion from renter to owner status, and remodeling.	Stratified random sample of households throughout city was interviewed in August - September 1978; census tracts with a high proportion of renters oversampled.	1,269 households	1) 7 percent of households displaced annually 2) 20 percent of movers displaced	Study limited to households that remained within the city.

NOTES:

[a] Contains a large proportion of the northern and northwestern sections of the city.

[b] This study was discussed in HUD's February 1979 Displacement Report. It is included again for comparative purposes.

[c] Study area excludes southwestern section of city, as well as industrial areas because revitalization was not a factor.

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As indicated above, the displacement phenomenon is particularly noticeable in neighborhoods where reinvestment is occurring. HUD's figure for reinvestment displacement in San Francisco's Hayes Valley, again, is 25 percent of all movers. In the Prospect Hill Section of Cincinnati, two-fifths of the movers had been displaced (Schill, 1981), whereas in the Quaker Hill section of Wilmington, Delaware (Barnekov and Caron, 1981) about one third had moved involuntarily. In the two latter communities, a majority of the displacement moves were attributable to reinvestment rather than disinvestment.

The results for selected sections of St. Paul (City of St. Paul, 1980) are somewhat lower: 22.1 percent of movers in the Summit-University section; 21.7 percent of the West 7th Street area movers and 10 percent of the Dayton's Bluff section movers. Sands' study (1977) of St. Paul's Ramsey Hill neighborhood (located within Summit-University), however, found that approximately three fifths of the movers from this neighborhood had been displaced, reflecting the fact that renovation activity was particularly intense within this part of the Summit-University community.

Henig's research (1980) using R. L. Polk Company data from 9 medium-sized cities is one of few recent attempts to assess the seriousness of the displacement problem on a multi-city level. He found that the gentrification was limited since only six percent of the census tracts (or five percent of the households) experienced an increase in the proportion of households headed by a white collar worker and a decrease in the proportion of households headed by a blue collar worker. An even larger proportion of the tracts and households (10.3 percent and 7.9 percent respectively) experienced a decrease in both white collar and blue collar families.

Taken together, the HUD research and research sponsored by other sources suggest: 1) that the incidence of displacement is not large at the national level; 2) that is is larger in cities and neighborhoods experiencing revitalization than in the nation as a whole, but not substantially so when expressed as a percentage of all households; and 3) that in revitalizing neighborhoods, the percentage of mover households displaced is greater than on a national basis.

Characteristics of Displacees

Perhaps equal in importance to the issue of the magnitude of displacement is that of who is displaced. For policy purposes it is crucial to know whether displacement disproportionately affects low income households, the elderly, minorities and other specific demographic subgroups. A related issue is whether these households have higher probabilities of being displaced than do other groups. HUD's research addresses both aspects of the problem. To assess whether selected groups are disproportionately represented among the displaced, the characteristics of displaced households have been compared with those of households that are not displaced. To determine whether the likelihood of being displaced is higher for households with particular characteristics, displacement rates were estimated for each relevant group.

HUD has addressed two separate but related issues with regard to the characteristics of displaced households: the types of households disproportionately affected by displacement, and the household characteristics most strongly associated with the likelihood of being displaced.

- Displacement disproportionately affects minorities, low-income households, female-headed families, and renters. These households are often over-represented among displacees in comparison with voluntary movers or the general population. HUD's research did not indicate that the elderly belong to this group although other studies have found them to be disproportionately affected.

- Controlling for a variety of factors, households with high housing cost burdens, short durations of occupancy, living in or close to the central city of the SMSA, receiving welfare, having low levels of education, or with younger than average heads are the most susceptible to displacement. While a simpler analysis found that minorities also had higher rates of displacement than others, minorities are vulnerable primarily as a result of other associated characteristics such as those listed above.

- HUD's research indicates that the elderly are not particularly susceptible to displacement. There is a definite lack of consensus on this point among other studies, which contradict each other as to whether younger households are more likely than older ones to be displaced.

- Residents of long duration were not found to be overly vulnerable to displacement. This finding contradicts the popular notion that the typical displaced household has lived in its home for many years.

The PSID analysis approaches the problem from a somewhat different perspective from that of most previous studies--the identification of at-risk groups based on probabilities of displacement for a number of specific household types. This study also tests to determine whether a disproportionately high rate of displacement is actually linked to membership in a certain group (i.e., racial minority) or whether an apparent relationship results from the influence of other factors.

The most detailed information about displaced households is provided by HUD's study of Hayes Valley, in which households who moved from the neighborhood between 1975 and 1978 were located and interviewed. These include households who moved from one address to another within the neighborhood (intra-neighborhood movers) as well as those who left Hayes Valley. The characteristics of these households are compared with those who moved voluntarily from Hayes Valley addresses, those who moved into the neighborhood, and those who did not move during the study period.

PSID Analysis

To provide information on the characteristics of displaced households, relationships between displacement and selected demographic and housing characteristics were examined in HUD's national study utilizing data from the

Panel Study of Income Dynamics. The purpose was to determine what characteristics were associated with an increased likelihood of displacement. The study found that displacement is more related to family characteristics than to housing unit characteristics. In other words, displacement is likely to affect certain types of households rather than households in certain types of housing.

In particular, renters, female headed families with children, short-term residents (3 years or less), households with heads aged 35 and younger, minorities,* poorer families,** public assistance recipients, and households with heads employed less than full-time were significantly more susceptible to displacement than were other types of households. Characteristics of the housing units which these households occupied prior to being displaced, however, were not found to be significantly related to the incidence of displacement. Among the housing-specific factors which were examined were annual housing cost, the housing cost to income ratio, and crowding.

Somewhat suprisingly, the analysis failed to support two basic tenets of conventional wisdom regarding displacement; neither the elderly nor long-term residents were found to be particularly susceptible to displacement. Virtually no displacement was found among families headed by persons aged 56 or older. Households residing at the same address for more than 10 years had the lowest proportion of displacees of all length of residence categories.

The above information does not account for the simultaneous influence of various other factors on the relationship between a given characteristic and displacement. A variable other than the one examined may actually be the one which creates a predisposition for displacement. Controlling for a variety of attributes, households with high housing cost burdens, short durations of occupancy, living in or close to the central city of the SMSA, receiving welfare, having low levels of education, and with younger than average heads were found to be most susceptible to displacement.

There is an important difference between these bivariate (displacement and one other variable) and multivariate (controlling for a variety of variables) results in terms of their practical significance. The first set of characteristics describe households which, for whatever reason, have a signficantly higher incidence of displacement than do other households. While these characteristics do not necessarily explain the greater susceptibility to displacement, they do describe households whose housing needs should be considered in any area experiencing displacement. The multivariate analysis, which controls for a variety of factors, indicates those characteristics which are actually directly linked to the higher likelihood of displacement. Households with these characteristics are those for whom anti-displacement safeguards would be most useful.

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*In this study, minorities include Blacks, Hispanics, Asian Americans, and others.

**Poorer families are those in the lowest decile of an income/needs ratio. Family income is the total income received by all family members from all sources. Needs are based on an annual food needs standard derived from the weekly food needs for a "low cost plan", developed by the U.S. Department of Agriculture.

This difference is illustrated by the PSID findings with regard to race. Prior to adjustment for the effects of other factors, minorities were found to be somewhat more likely than whites to be displaced, a finding consistent with the conventional wisdom. When the effects of a wide range of other factors are taken into account, however, this effect is reversed and the probability of displacement appears to be greater for whites than for minorities. Thus it is characteristics associated with minority status (e.g., low education, housing cost burden, welfare dependency) rather than race itself that explain the simple correlation. To the extent that the proportion of minority households with these characteristics in neighborhoods subject to displacement pressures is greater than that of whites, this finding has little pratical significance; in such cases there is more displacement among minorities. All things equal, however, minority households are not more likely to be displaced than are whites.

Hayes Valley

The Hayes Valley study focuses more intensively on the characteristics of households displaced from a small area experiencing concentrated reinvestment activity. Displacees from Hayes Valley exhibit characteristics commonly associated with economically vulnerable households (Table 7). All are renters, more than half have very low incomes, and roughly the same proportion have no members with educations beyond high school. The majority of these households are black, nearly half consist of only one person, and one-fifth have at least one member aged 62 or older.

While these findings support the widespread belief that displacement affects those households least able to cope with it, these displacees are very similar to non-displaced Hayes Valley households on many of these characteristics. Vulnerability is not so much a characteristic of displacees, but of neighborhood residents as a whole, including, in many cases, households who have moved into the neighborhood since the start of revitalization.

Renters predominate not only among displacees, but also among non-displaced movers, long-term residents, and inmovers. The highest rate of homeownership, 21 percent, is found among households who did not move during the four-year study period. On this variable, displacees most closely resemble inmovers rather than non-displaced movers.

A majority of all Hayes Valley households are eligible for housing assistance on the basis of income*, but the most severe need, as evidenced by the lowest incomes, is felt by displacees. The greatest concentration of assistance-eligible households occurs among displacees. The fact that long-term residents and inmovers continue to consist predominantly of low and very low income households indicates that revitalization has not yet changed the low income character of the neighborhood.

In more than one-third of the displaced households the most highly educated member did not complete high school, and in an additional 17 percent a high school diploma was the highest education received. In contrast, only 17 percent of inmover households fall into either of these two categories. Nearly half of all inmover households include a college graduate; another 35 percent include someone with 1 to 3 years of college.

The considerable discrepancy between inmovers' low incomes and their relatively high educations partly reflects their being relatively young households. The average inmover adult is about 32 years of age, as compared to 46 for displacees, and 44 for long-term residents. It is likely that many of these young adults are at the beginning of their careers and have not yet reached their full earning potential.

There does not appear to be much difference among displacees, nondisplaced movers and long-term residents in terms of household types. Roughly one-third of each group consists of families (husband/wife and related adult households combined). In addition, the proportion of inmover households with children is noticeably less than that for other groups, each of which has children in roughly one-fourth of its households.

In displaced households, the elderly are only slightly more prevalent than among nondisplaced movers, but considerably more so than among inmovers. However, the highest concentration of elderly is found in the long-term resident group. Displacement in Hayes Valley does not appear to have a disproportionate effect on the elderly.

Condominium Conversion Study

The recent HUD study on condominium conversion (HUD, 1980) found considerable variation in the characteristics of households who moved from converted buildings. The study found that the majority of former residents do not have low incomes, in large part because most buildings which are converted are at the middle to upper end

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*In the Hayes Valley and multi-city studies, income categories were linked to eligibility for HUD Section 8 rental assistance and were derived from SMSA median income levels. The eligible categories are very low income (0-50 percent of median) and low income (51-80 percent of median).

Table 7

DEMOGRAPHIC CHARACTERISTICS OF HAYES VALLEY RESIDENTS

	Displaced movers %	Non-Displaced Movers %	Long-Term Residents %	Inmovers %
RENTERS	97.8	88.7	75.8	91.0
RACE:				
Black	60.9	44.4	79.8	34.0
White	30.4	44.4	14.3	50.5
Other/Mixed	8.7	11.3	5.9	15.5
INCOME:				
Very low ($10,350 or less)	52.0	35.9	47.7	37.7
Low ($10,351 to 16,500)	4.0	21.8	25.0	23.6
Moderate ($16,501 to 24,840)	20.0	23.1	13.6	9.4
Above moderate ($24,841 or more)	24.0	19.2	13.6	29.3
HOUSEHOLD TYPE:				
Husband/wife	19.2	25.0	22.5	15.6
Other related adults	12.8	7.6	13.3	7.8
Unrelated adults	19.2	26.5	11.7	38.0
Single adults	48.9	40.9	52.5	38.5
Households w/children	27.8	25.2	24.4	18.5
Households w/elderly	20.0	17.1	27.9	4.2
Average household size	2.7	2.4	2.2	2.3
EDUCATION:				
Less than high school	34.8	12.4	16.5	3.1
High school graduate	17.4	17.8	19.1	13.5
1-3 years of college	23.9	28.7	35.7	34.7
4 or more years of college	23.9	41.2	28.7	48.7
Maximum n of cases*	(n=47)	(n=138)	(n=124)	(n=201)

*n of cases may vary by item due to missing data

Source: Cozzens, William and Bauer, Joanne. Market Generated Displacement: Single City Case Study. Prepared by National Institute for Advanced Studies for the Office of Policy Development and Research, HUD, 1981 (draft report).

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of the rental market. Rents in these buildings were often high enough to have precluded low-income households from renting there prior to conversion. Nevertheless, there is a greater concentration of households with incomes below $12,500 among those who move (20 percent) than among buyers of converted units (12 percent)

The characteristics of former residents of converted buildings were also compared with those of the national renter population. In terms of their race (14 percent black) and ages (5 percent elderly), former residents are relatively similar to renters in general (13 percent black and 6 percent age 65 and older). However, considerably fewer of these have low incomes: nearly three and one-half times as many U. S. renters (70 percent) as former residents (17 percent) have incomes of less than $12,500.

Results of Other Research

The remainder of this section compares HUD's results with those of other recent research having a bearing on two issues: (1) whether members of vulnerable demographic subgroups -- minorities, the poor, the elderly, female headed families, renters -- constitute either a substantial or a disproportionate share of displaced households; and (2) whether households with these characteristics (e.g., being a minority) have a higher likelihood or probability of being displaced than do other households.

The first issue is addressed by data showing what proportion of displaced households has a certain characteristic (i.e., low incomes), and how this compares to the proportion of such households among the general population, or among households who were not displaced. If there is a higher proportion of low-income households among the displaced than among voluntary movers or the population at large, then displacement can be said to have a disproportionate effect on low-income households. Most displacement studies, including the Hayes Valley study, provide this type of analysis.

The second issue, the likelihood or probability of displacement, is addressed by statistics indicating what proportion of households with a given characteristic are displaced, and whether that proportion is significantly greater than for households without that characteristic. For example, if the percentage of low-income households who are displaced is significantly greater than the percentage of displacees among households with higher incomes, then low-income households are said to be more likely than other households to be displaced. The PSID study examines susceptibility to displacement in this manner.

Race. Recent research shows that revitalization and displacement occur in communities of varying racial composition. Consequently, the racial characteristics of displaced populations vary considerably. For example, three-fifths of displacees from Wilmington, Delaware's Quaker Hill neighborhood were black or Hispanic. In Seattle and in St. Paul's Ramsey Hill, however, the majority of displacees were white (87 and 93 percent, respectively).

In Hayes Valley, a predominantly black neighborhood, blacks not only were found to be a majority of displaced households but also were disproportionately represented among the displaced as compared to nondisplaced movers, long-term residents, and newcomers to the neighborhood. While few other studies compared the characteristics of displaced households with those of other households, the limited evidence available suggests that blacks are disproportionately affected by displacement. Schill (1981) found that blacks comprised a far higher proportion of displacees (80 percent) than of other movers (58 percent) from the Prospect Hill neighborhood in Cincinnati.

HUD's research shows that nationally, the incidence of displacement is higher among racial minorities than among whites, but that this higher incidence is primarily attributable to other factors such as low education rather than to race or ethnicity per se. Existing evidence from other studies is contradictory as to the impact of race on the likelihood of being displaced. A St. Paul study (City of St. Paul, 1980) found that blacks were significantly more likely than whites to be displaced. Whereas more than one third (35 percent) of the black movers indicated that they had been forced to relocate, this was true for less than one fifth of the other minorities and whites (18 percent and 16 percent, respectively). Conflicting evidence is provided by the Seattle citywide study (Seattle Office of Policy Planning, 1979), which indicated that a slightly higher proportion of white movers had been forced to relocate (21 percent) compared to blacks (18 percent).

Income. In Hayes Valley, while the lowest income households were disproportionately represented among the displaced, low incomes were characteristic of all groups of current and former residents.

It is difficult to generalize about the income characteristics of displacees from the results of other research. A number of studies indicate that low income families constitute a substantial minority (e.g. 40-49 percent), if not a majority of displaced populations (Dolbeare, 1978; City of St.Paul, 1980; Barnekov and Caron, 1981). Other case studies indicate that prior to revitalization the study neighborhoods were dominated by low to moderate income families (Fusch, 1980; Cybriwski, 1978; Hodge, 1980), although they do not actually provide information on the income characteristics of the displaced populations.

The predominance of low income households among the displaced is contradicted by at least two other studies (Sands, 1979; Seattle Office of Policy Planning, 1979). The Seattle finding may indicate that much of the displacement in that city is due to rising rents, and this type of displacement is spread throughout the city rather than being limited to low-income neighborhoods.

The limited evidence that is available suggests that a disproportionate amount of displacement is being experienced by low income families. This evidence comes from the cities of Portland and Cincinnati. Lycan (1978) estimates that "roughly" 40 percent of the displacees in Portland have incomes under $7500 as compared to 20 percent for the total sample of city movers. McGrath and Ohman (1978), in another Portland study, note that whereas 46 percent of the displacees had incomes below $5000, this was true for none of those who were not displaced. Rubenstein (1980) found that in Cincinnati's Over-the-Rhine section, the mean income for immigrants was $15,571 as compared to $5691 for displacees. In another Cincinnati study, Schill (1981) discovered that a far higher proportion of reinvestment displaced movers from Prospect Hill had incomes below $5000 (33 percent) than was the case for voluntary movers (15 percent).

HUD found that at the national level, the poorest households have a significantly greater likelihood of displacement than do more affluent households (without accounting for the influence of other factors). Other research provides additional evidence that low income indicates a greater likelihood of being displaced. In Seattle (Seattle Office of Policy Planning, 1979), 27 percent of the families with incomes under $7500 who moved were forced to relocate. The comparable figures for the two higher income categories ($7600 to 17,500 and $17,600 and over) were 22 percent and 12 percent respectively. Similarly, in three revitalizing communities in St. Paul (City of St. Paul, 1980), low income families (incomes under $5000) were significantly more likely to be displaced than those with higher incomes.

Age. It has been widely asserted that the elderly comprise a substantial proportion of the displaced. Rubenstein (1980) indicates that two-fifths of the families displaced from the Over-the-Rhine community in Cincinnati were elderly. Other studies (Fusch, 1980; Rosenberg, 1977 cited in Schussheim, 1978) indicate that displacees are predominantly elderly, although no figures are provided. Most of the empirical studies available indicate that the elderly constitute a small but noticeable proportion of the population of displacees. Various studies have reported the following proportions of elderly among displaced populations:

° 15 percent of those defined as displaced nationally using Annual Housing Survey Data (Goodman, 1979);

° 25 percent of those displaced from 3 revitalizing communities in St. Paul (City of St. Paul, 1980);

° 32 percent of the displaced families in the city of Seattle (Seattle Office of Policy Planning, 1979);

° 33 percent of the displaced families in the Quaker Hill section of Wilmington (Barnekov and Caron, 1981);

These studies do not provide data on the percentage of elderly residents in the relevant comparison population.

It has been argued that although the elderly comprise a small proportion of the displaced population, they are nevertheless disproportionately affected by revitalization (see Gale, 1980). Two recent studies support this assertion.

Twenty five percent of the residents displaced from the Fairmount section of Philadelphia were 60 and over, compared to only 17 percent of Philadelphia's population (Cybriwsky, 1978). Rubenstein (1980) notes that for the Over-the-Rhine section of Cincinnati a disproportionately large number of elderly were concentrated in the displaced population relative to newcomers (40 percent versus 7 percent). On the other hand, there were fairly small differences in age between displacees and other movers from the Prospect Hill community in Cincinnati (Schill, 1981).

It has frequently been assumed that the elderly are more vulnerable to displacement. Recent research conducted by other sources is not conclusive. Goodman (1979), using Annual Housing Survey data, found that a larger proportion of the elderly who moved did so involuntarily (14 percent) than was the case for the non-elderly (5 percent). On the other hand, the HUD PSID study found virtually no displacement among persons aged 56 and over at the national level. At the local level, the Seattle study (Seattle Office of Policy Planning, 1979) revealed that the incidence of forced moves as a percentage of all moves was far higher among those over 60 than among those from 31-40 (21 percent) or those 30 and under (18 percent). In contrast, Lycan (1978) notes that the 25-34 age group bears the heaviest burden of displacement in Portland.

Family Composition. A number of studies have found that a substantial proportion of displaced households are female-headed, many with children. Using Annual Housing Survey data, Dolbeare (1978) found that 40 percent of the families displaced between 1974 and 1976 were female-headed. Similarly, Rosenberg (1977 cited in Schussheim, 1978) found that 23 percent of the displacees from a revitalizing neighborhood in New Orleans were female-headed.

Recent research implies that female-headed households have been disproportionately affected by displacement. Rubenstein (1980) found that the number of displaced households from the Over-the-Rhine community in Cincinnati that were female-headed was disproportionately large relative to newcomers (51 percent versus 30 percent). Similarly, Schill (1981) discovered that a much higher proportion of the households displaced from the Prospect Hill community in Cincinnati was headed by females (40 percent) than was the case for those who moved voluntarily (25 percent).

None of the studies reviewed directly addressed the issue of the impact of family composition on the likelihood of displacement.

Housing Tenure. A number of recent studies indicate that most displacees are renters. For example, 91 percent of the displaced in Seattle were renters (Seattle Office of Policy Planning, 1979; see also Barnekov and Caron, 1981; City of St. Paul, 1980; Lycan, 1978; Rubenstein, 1980). This conclusion is also supported by evidence that revitalization often occurs in predominantly renter neighborhoods. In the Quaker Hill community in Wilmington, for example, 85 percent of the families rented when revitalization began (Barnekov and Caron, 1981).

It has been asserted that renters are disproportionately affected by displacement (see, for example, Gale, 1980b). This assertion is supported by the results from the Seattle study (1979). Whereas on a citywide basis renters comprised about three quarters of those who moved voluntarily, they comprised a far higher proportion (90 percent) of those forced to move.

There is some consensus about the impact of tenant status on the likelihood of displacement. In the Seattle study (Seattle Office of Policy Planning, 1979) a far higher proportion of the renters who moved were forced to do so (25 percent) as compared to owners (9 percent). Similarly, one Portland study (Lycan, 1978) indicated that 3.8 percent of the renters were forced to move each year as compared to 0.6 percent of the owners.

Effects of Displacement

There has been a great deal of speculation as to how displaced households are affected by forced moves. Of particular interest are changes in their housing costs, housing conditions, neighborhood conditions and neighborhood services. Another issue of concern is the potential for repeated displacement of vulnerable households.

HUD has addressed these issues through both the Panel Study of Income Dynamics (PSID) and Hayes Valley analyses. The PSID analysis, which is limited to those items collected in the original University of Michigan data set, examines changes in a number of housing and employment outcomes to determine which are statistically related to displacement. In addition, the PSID study examines whether or not selected demographic groups (e.g. minorities, the elderly) are more seriously affected by displacement in terms of these housing and employment outcomes. The Hayes Valley study provides descriptive information on the experiences of displaced households with regard to all of these factors.

- Displacees tend to move short distances. In Hayes Valley, nearly half of the displaced households either remained in the neighborhood or moved to nearby areas of the city.

- There is some evidence that repeated displacement may be occurring. In Hayes Valley, between 1975 and 1978, nearly two-fifths of the displaced households moved at least once after being displaced, although these later moves may not represent displacement.

- Nationally, displaced households experience significant increases in crowding and housing cost burden.

- Hayes Valley's displaced households generally improved their housing circumstances by becoming owner-occupants and increasing their living space. Housing costs increased for Hayes Valley displacees, but less so than for other movers.

- Nationally, some demographic groups are particularly likely to experience certain effects of displacement. Older displacees and those who are poorer than average experience greater increases in crowding than similar households who are not displaced.

- The effects of displacement on specific groups of households are not always predictable. Some negative effects are experienced by households not commonly considered to be at-risk, for example, whites and male-headed households. In addition, poorer households experience some positive changes after displacement.

- Hayes Valley displacees generally were more satisfied with their new homes and neighborhoods after moving. This is supported by other studies which also indicate equal or improved satisfaction after displacement.

PSID Analysis

The PSID analysis examined the impact of displacement on households in two different ways. First, it examined differences between displaced and non-displaced households in changes in selected housing characteristics and in economic factors such as employment and measures of economic well-being. Second, the analysis tested whether these outcomes are likely to be more severe for minorities, female-headed families, large families, older families and the poor.

To test whether displacement has a significant effect on the housing circumstances of displacees, the analysis examined the relationship between displacement and crowding, housing cost, and housing cost burden (housing cost/income ratio). The PSID analysis also investigated the possibility that displacement might affect the economic circumstances of displacees. The study tested whether changes in employment hours, income, income relative to needs, and welfare dependency differed significantly between displacees and households who were not displaced. For all of these variables, the analysis searched for evidence of significant effects of displacement for the vulnerable groups mentioned above.

The analysis found that displacement leads to a significant increase in crowding, housing cost burden, income relative to needs, and income, but its effects are insignificant for change in housing costs, welfare dependency, and employment hours of household heads and working wives. More detailed analysis shows that the effects of displacement do not always discriminate between particular demographic subgroups. When such effects were observed, they did not uniformly indicate that the most vulnerable suffer the greatest relative decline in well-being.

Although displacees, per se, do not differ significantly from non-displacees on a number of the outcomes examined, the effects of membership in particular demographic and socio-economic groups on a range of outcomes were found to differ significantly for those who were displaced and those who were not. For some outcomes, these dependencies support the proposition that displacement adds significant burdens to the already difficult circumstances of vulnerable groups. Older displacees, and those who were poorer than average prior to displacement, for example, were found to experience greater increases in crowding than older and poorer non-displacees. Minorities who were displaced were more likely to become welfare dependent than minorities who were not displaced.

Vulnerable households are not the only ones for whom displacement has significant negative effects, however. Whites and male-headed households who were displaced, for example, were more likely to experience increases in housing costs than their non-displaced counterparts. In addition, the effects of displacement on vulnerable households were not uniformly negative. Poorer than average households who were displaced were more likely to experience increases in employment hours and income after displacement than those who were not displaced. However, it may be that for those who begin at the lowest end of the housing quality and income scales, it is difficult to become much worse off; these households may have nowhere to go but up.

Hayes Valley

The foregoing analysis deals with the effects of displacement at the national level. The Hayes Valley study provides more focused information on the after-effects of displacement induced by private market activity in revitalizing neighborhood. Consistent with many of the national estimates reported above, households displaced from Hayes Valley have not experienced severe negative changes in housing characteristics either absolutely or in comparison with other groups (see Table 8). These results reflect differences between circumstances at the current address and at a comparison address, which generally is either the household's first Hayes Valley home or the home the household occupied in 1975 when revitalization began.*

One of the more surprising results of displacement in Hayes Valley is that it is associated with above average increases in homeownership. Among displaced households, the rate of homeownership increased from 2.2 percent prior to displacement, to 17.4 percent afterwards. While one can hardly conclude that displacement induces shifts to homeownership, it appears that for financially able families, a forced move may be sufficiently jarring to cause a serious evaluation of their housing conditions and, on occasion, a substantial upgrading. In contrast, households which voluntarily moved out of Hayes Valley experienced a somewhat smaller increase in homeownership, while those moving into the neighborhood experienced a slight decrease.

Displacees experienced a slight increase in the number of rooms and a decrease in overcrowding between their comparison and their current addresses. Similarly, both inmovers and non-displaced movers experienced declines in ownership.

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*See Table 8 for more precise definitions of comparison address.

With regard to housing cost burden, 16 percent of displaced households currently pay more than 25 percent of their income for housing. This figure includes 8 percent who pay 35 percent of their incomes or more. Roughly twice as many non-displaced movers and nearly three times as many inmovers share these housing cost burdens, however. Information on household's rent/income ratios before moving is not available.

There is evidence that multiple displacement may be occurring in Hayes Valley. The majority of displacees (59.6 percent) have remained at the first addresses to which they moved after being displaced. A sizeable proportion of displacees (31.9 percent) have moved once in addition to the original displacement move, although this rate is only slightly higher than the proportion of nondisplaced movers (25.4 percent) who have moved twice over the same time period. Approximately 6 percent of both displaced and non-displaced movers have made two or more moves since leaving their comparison address.

Displaced households from Hayes Valley tended to move fairly short distances, as did movers who were not displaced. Nearly equal percentages of displaced and voluntary movers (roughly one quarter of each group) remained in the neighborhood. Slightly more displacees (23 percent) than nondisplaced movers (19 percent) relocated within the remainder of the two planning districts in which Hayes Valley is located. Only 6.4 percent of the displacees left the city of San Francisco (compared to 6.7 percent of non-displaced movers), and none left the SMSA.* Overall, there appears to be very little difference in the post-move location patterns of displaced and non-displaced households, with both groups showing a tendency to remain in or in close proximity to the neighborhood.

The Hayes Valley study also examined resident satisfaction with housing conditions, neighborhood conditions, and neighborhood services. For each of seven housing attributes, 73 percent or more of all displaced movers reported satisfaction with current conditions. Between 34 and 63 percent reported that individual attributes are better than at the comparison address. However, more than one quarter of all displacees reported that their current residences are worse than the homes from which they were displaced in terms of heating, plumbing, walls and ceilings, and yards.

The vast majority of displacees were satisfied with the levels of quietness, friendliness, privacy, and property upkeep in their current neighborhoods. A sizeable proportion of these households reported no change in these characteristics after moving, but among those who did report change, the majority reported improvement.

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*Households making long distance moves are the most difficult to locate and may be underrepresented in the sample of displacees.

Table 8

HOUSING CHARACTERISTICS, COSTS AND MOBILITY: HAYES VALLEY MOVERS 1975 - 1978

	Displaced Movers		Non-Displaced Movers		Inmovers	
	Comparison* Address %	Current Address %	Comparison Address %	Current Address %	Comparison Address %	Current Address %
Owner-Occupancy	2.2	17.4	8.0	18.1	7.6	7.5
STRUCTURE TYPE:						
Single-Family	8.5	23.9	4.4	20.5	2.5	5.5
Rowhouse and Duplex	12.7	6.6	7.6	7.9	30.5	9.5
Small and Large Multi-Family	76.6	69.6	67.4	85.6	63.5	83.1
UNIT SIZE:						
Total Rooms	4.3	4.5	4.5	3.8	4.7	4.3
Households with one or more persons per room	17.4	6.5	15.9	8.0	15.7	4.0
HOUSING COST:						
Households paying 25% or more of income for rent	N/A	16.0	N/A	30.8	N/A	45.3
Households paying 35% or more of income for rent	N/A	8.0	N/A	16.7	N/A	23.6
NUMBER OF MOVES:						
Comparison to current address only	59.6		61.6		91.5	
1 intervening move	31.9		25.4		8.0	
2 intervening moves	6.4		6.5		0.5	
Percent change in cost	12.7		37.3		16.0	

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*For displaced and non-displaced movers, the comparison address is the one from which displacement was most likely to occur:

a) for those residing in the neighborhood when revitalization started (January 1, 1975), the comparison address is their address on that date

b) for those who moved into the neighborhood after revitalization began, the comparsion address was their first Hayes Valley address.

Displaced and non-displaced movers include both those who left Hayes Valley (outmovers) and those who moved within the neighborhood (intra-neighborhood movers).

For inmovers, the comparison address was the last address before moving to Hayes Valley.

Source: Cozzens, Wiliam and Bauer, Joanne. Market Generated Displacement: Single City Case Study. Prepared by National Institute for Advanced Studies for the Office of Policy Development and Research, HUD, 1981 (draft report).

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Litter, street crime and burglary, vandalism, and traffic were all considered problems of varying severity before moving by a majority of displaced households. In general, these problems seem to have lessened after moving. Street crime, burglary, and vandalism, which were considered problems by the greatest number of displaced households, declined for roughly half of all displacees. Litter and traffic declined for slightly fewer households. While in all cases the percentage of households reporting a decline in these problems was greater than those reporting an intensified problem after moving, a sizeable minority (23 to 29 percent) did report intensified problems.

More than half of all displaced households were satisfied with neighborhood municipal services with the exception of public schools. After moving, most residents report no change in satisfaction with these services. Of those who did report change, the majority indicated improvement, again with the exception of public schools, for which equal numbers of households reported improvement and decline.

Condominium Conversion Study

The HUD condominium conversion study provides additional information on the household impacts of forced moves. Of all households moving from converted buildings between 1977 and January 1980, 18 percent experienced a decline in housing circumstances as measured by movement to rental housing of similar or lower quality at higher cost, or of lower quality at equivalent cost. The elderly were disproportionately affected in this manner: 27 percent of households with persons aged 60 and over experienced this adverse effect. Other households suffered a loss in quality but experienced a corresponding decline in rent. These households constituted 6 percent of former residents of converted buildings.

According to the condominimum conversion study, 70 percent of all former residents continue to rent after conversion, and they typically experience rent increases of less than 10 percent; however, 28 percent pay at least 25 percent more for rent. Those former residents who decide to buy housing elsewhere typically pay 68 percent more per month for housing, without taking into account possible tax savings and appreciation. Less than one-fifth of all former residents consider the new residence to be inferior to the one lived in prior to conversion.

Ninety percent of all former residents indicate satisfaction with the new housing; this is roughly the same degree of housing satisfaction reported for those replacing them in the converted buildings. Nearly three-fourths of all former residents have moved to a new neighborhood as good as or better than their old one. Eighty percent live as close or closer to friends and relatives as before the move. Those with lower incomes, however, are more likely to report that the new neighborhood is worse than the old one.

Other Research

The results of the HUD-sponsored research are generally consistent with those of other studies which indicate that the majority of displacees relocate into nearby housing of comparable or better quality, but that they pay more after moving. In addition, displacees appear to be satisfied with their new homes.

Among recent research studies, there is consensus that displacees tend to move only short distances. Two thirds of the displacees from the Over-the-Rhine community in Cincinnati (Rubenstein, 1980) moved within this community or within one mile of its boundaries. The same proportion of Prospect Hill movers (Schill, 1981) moved within one mile of the neighborhood. Somewhat smaller proportions (in the range of 30-40 percent) moved within selected revitalizing neighborhoods in St. Paul (City of St. Paul, 1980; Sands, 1979) and New Orleans (Rosenberg, 1977 cited in Schussheim, 1978). Lycan (1978) observes that in Portland the displaced generally resettle in the same or a proximate neighborhood, but provides no figures.

The tendency to make short distance moves allows displacees to maintain their social ties in the area, but it may create other problems if repeated displacement occurs. In Hayes Valley, 32 percent of displaced households moved once after being displaced and an additional 6 percent moved twice. This was not substantially different, however, from the number of moves made by non-displaced movers.

Other analysts have also found that displacees tend to experience objective improvements in their housing conditions. Two recent studies dispute Tournier's assertion (1980) that displacement leads to an increase in overcrowding, and by implication, an increase in the proportions living in substandard housing. Schill (1981) found that reinvestment displaced movers were more likely to experience reductions in overcrowding than were voluntary movers. Rubenstein (1980) found that a higher proportion of displacees from the Over-the-Rhine section of Cincinnati lived in standard housing after the move (35 percent) as compared to before (11 percent). However, roughly similar improvements were experienced by non-displaced outmovers (46 percent in standard housing after the move versus 26 percent before the move).

These improvements in the housing conditions of displacees appear to have been balanced by increases in costs. Lycan's study of Portland (1978) and Sands' study of the Ramsey Hill section of St. Paul (1979) both indicate that substantial numbers of displacees experienced increases in housing costs. Neither, however, provide data on the extent of increase. The Seattle study (Seattle Office of Policy Planning, 1979) indicates that the displaced renters experienced only modest increases in costs. The overwhelming majority (87 percent) paid between 6 percent more and 6 percent less at the new location as compared to the old one. Furthermore, those who were forced to move were less likely to experience cost increases than those who moved for other reasons. Schill's study of Prospect Hill (Cincinnati, 1981) shows that displacees experienced substantial increases in their housing cost burden. Just over one half (54 percent) of the reinvestment displacees found themselves paying more than 25 percent of their income for rent after displacement as compared to only about one fourth of the voluntary movers. Median monthly rent per room for displaced households increased from $21 to more than $34, an increase of over 60 percent. For voluntary movers, the median rent per room actually decreased by 4 percent.

There is little evidence that displacees experience unusual hardships in searching for a new home although such difficulties are often hard to assess. The City of St. Paul study (1980) indicates that 30 percent of displacees experienced hardships in finding new housing. The two most frequently cited problems were high rents and high home purchase costs. Displacees were no more likely to experience such hardships than other movers. Sands' study (1979) of one revitalizing neighborhood in that city finds that, whether the families moved voluntarily or involuntarily, most were usually able to relocate in neighborhoods that they liked (72 percent versus 68 percent). Barnekov and Caron (1981) find that all of the low income families that had been displaced from the Quaker Hill Section of Wilmington, and who could be traced, were able to relocate within the amount of time specified by the landlord without serious difficulty. The Prospect Hill study (Cincinnati, Schill, 1981) provides yet additional evidence that displacees do not necessarily experience undue time pressures in the moving process. Identical proportions of reinvestment-displaced movers and voluntary movers (13 percent) spent six to nine months searching for a new home.

Finally, the available evidence indicates that displacees tend to be highly satisfied with their new homes as compared to their old ones. There is consensus among four recent studies regarding this point. In Prospect Hill and the City of St. Paul, at least 85 percent of the displacees considered their new home superior to their old one. In St. Paul's Ramsey Hill, and in Seattle, slightly more than half of the displacees were more satisfied with their new homes than with their prior residences. In addition, displaced movers were at least as likely as were voluntary movers to experience such improvements.

Summary of Research Results

The Neighborhood Revitalization Process

HUD's research indicates that private market neighborhood revitalization is not as orderly a process as has been assumed. The start of revitalization was not found to be signaled by sharp or abrupt changes in sales or rehabilitation activity or in housing prices. Once underway, revitalization did not proceed in an orderly or predictable fashion. The pattern of reinvestment activity was characterized by erratic fluctuations during the time period studied.

The common assumption that neighborhoods with the poorest quality housing and lowest socioeconomic status are more likely to revitalize than other neighborhoods was not substantiated; it is not clear from our research that such neighborhoods are the most vulnerable. There is evidence, however, that analysis at a geographic level smaller than a census tract (i.e. block-level analysis) might have produced different results.

A number of analysts have developed models which suggest that revitalization proceeds in definable stages. HUD's research did not confirm this. There was no evidence of systematic patterns in which one set of changes preceeded another. Most indicators seemed to change in parallel fashion, with simultaneous peaks of activity. The peaks and drops in activity appeared unusually sensitive to macroeconomic forces and metropolitan housing trends. Changes in the level of rehabilitation activity often coincided with changes in the level of new housing contruction in the SMSA. The housing recession of 1973-1975 produced a sharp increase in housing demand in virtually all of the neighborhoods studied.

These results suggest that such indicators as neighborhood or tract level changes in sales volume, sales prices, and rehabilitation activity cannot be used to predict the spread of neighborhood revitalization, although they may be extremely useful in monitoring neighborhood change. No one type of change will serve as the most reliable indicator that revitalization has begun. Conclusions regarding the start of reinvestment are likely to vary with the indicator used. Further, it appears that reinvestment is not characterized by a set of phases in which the neighborhood is dominated by one type of change or activity.

Incidence of Displacement

HUD's research and our review of the recent literature confirm that displacement is a local rather than a national phenomenon. While the number of displacees may be considered large, it represents only a small fraction of the nation's population. Displacement has been found to affect a larger percentage of households in neighborhoods where revitalization activity is present.

Based on two sources of national data, HUD estimates that roughly one percent of U.S. households are displaced annually. The Annual Housing Survey yields a preliminary private market displacement rate of between .8 and 1.1 percent of all households in 1979, which is equal to 600,000 - 850,000 households, or 1.7 to 2.4 million persons. The higher figure is upwardly biased due to the inclusion of ambiguous cases which may or may not represent displacement. The lower figure includes households that were clearly forced to move, as well as households displaced by cost pressures. The inclusion of cost-induced displacement was made possible by recent changes to the AHS, and accounts for the difference between these figures and the AHS estimates presented in the 1979 report.

Analysis of data from the Panel Study of Income Dynamics indicates that one percent of urban households were displaced annually from 1970-1977. This includes both public and private displacement resulting from both disinvestment and reinvestment activity.

At the neighborhood level, just under 3 percent of households in HUD's case study neighborhood, San Francisco's Hayes Valley, were displaced annually from 1975-1978. These households represent one-quarter of those who moved during that time period.

In other study neighborhoods where no attempt was made to interview former residents, some inferences about the potential for displacement can be made from conversions of rental property to owner-occupancy. In eight neighborhoods for which such data are available, the proportion of the rental stock affected by owner-occupancy conversions ranged from 6 to 50 percent. This potential for the displacement of renters was not limited to revitalizing neighborhoods, however. The level of such conversions in the non-revitalizing comparison neighborhoods generally was similar to that in the revitalizing neighborhoods; in one case, tenure conversions were considerably higher in the comparison neighborhood.

Characteristics of Displacees

The characteristics of displacees generally reflect those of the local population. Accordingly, the characteristics of displaced households vary considerably from place to place. There is evidence, however, that some demographic groups are disproportionately affected by displacement, although there is a lack of consensus with regard to some of these groups.

A related issue is the likelihood that certain households will be displaced. This is assessed by comparing the incidence or rate of displacement for certain groups (e.g., the elderly, minorities) with those of other groups (e.g., younger households, whites). Disproportionate effects and significant likelihood of being displaced do not always go hand in hand.

Although the evidence is limited, it appears that displacement disproportionately affects minorities, low income households, female-headed families, and renters. Households with these characteristics are often found to be overrepresented among displacees in comparison with nondisplaced movers or the relevant local population. HUD's research did not indicate that the elderly belong to this group, although other studies have found them to be disproportionately affected.

The HUD findings with regard to the household characteristics most closely associated with the likelihood of being displaced contain some surprises. Neither the elderly nor residents of long duration were found to be particularly susceptible to displacement. In addition, minority status per se does not increase the likelihood of displacement. The PSID national analysis indicates that, controlling for a variety of factors, households with high housing cost burdens, short durations of occupancy, living in or close to the central city of the SMSA, receiving welfare, having low levels of education, and with younger than average heads are the most susceptible to displacement. While a simpler analysis found that minorities also have higher rates of displacement than other households, minorities are vulnerable primarily as a result of associated characteristics such as low educations, high housing cost burdens, and welfare dependency.

Other studies not sponsored by the Department indicate that minorities, low-income households, and renters are more susceptible to displacement than are other households. There is a lack of consensus with regard to the elderly. While some of these studies support HUD's finding that younger households are more likely than older ones to be displaced, others indicate that a larger proportion of elderly than non-elderly households are forced to move.

Effects of Displacement

HUD's research findings indicate, as do those of other analysts, that the majority of displacees move to nearby housing of comparable or better quality, but that they pay more after moving.

National estimates of the distance moved by displaced households do not exist. In San Francisco's Hayes Valley, HUD's case study neighborhood, roughly one-quarter of displaced households remained in the neighborhood, and an additional 23 percent moved within the remainder of the two planning districts within which the neighborhood is located. Other studies also indicate that displacees tend to move short distances. The Hayes Valley study suggests, however, that the same is true for non-displaced movers.

Short-distance moves allow the maintenance of social ties, but raise the possibility of repeated displacement. There is some evidence that multiple displacement may be occurring. In Hayes Valley, nearly two-fifths of all displaced households moved at least once after being displaced, although this figure is not substantially different from the number of other movers making multiple moves.

Nationally, the PSID analysis found that displacement leads to significant increases in crowding and housing cost burden. It does not significantly affect housing costs, welfare dependency, or employment hours for displacees as a whole.

Some demographic groups are significantly more likely than others to experience certain effects of displacement. Older displacees and those who are poorer than average prior to displacement, experience greater increases in crowding than do similar households that are not displaced. Displaced minority households are more likely to become welfare dependent than are non-displaced minorities.

The effects of displacement on vulnerable groups of households are not always predictable. Some negative effects are experienced by households not commonly considered to be at-risk, for example, whites and male-headed households. In addition, poorer households experience some positive changes.

In Hayes Valley, displaced households generally improved their housing circumstances in terms of owner-occupancy, living space, and crowding, both absolutely and relative to other movers. Cost increases experienced by displacees were less than those faced by other movers.

Hayes Valley displacees generally were more satisfied with their new homes and neighborhoods after moving. This finding is supported by other studies which also indicate equal or improved satisfaction.

In summary, displaced households appear to experience a mix of positive and negative effects, but generally find themselves satisfied with their new housing circumstances, although they virtually always pay more.

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III. HUD'S ANTI-DISPLACEMENT EFFORTS

HUD has undertaken a number of activities that are designed to provide anti-displacement assistance at the local level, to disseminate information on successful local strategies, and to ensure that HUD programs and activities that might generate displacement provide appropriate levels of relocation assistance.

HUD PROGRAM ACTIVITIES

Parts I and II of the 1979 Displacement Report contain summaries of HUD's policies and procedures for displacement that is covered by the Uniform Relocation Act. These reports also discuss requirements that were imposed administratively to govern displacement occurring under HUD programs and activities that are not subject to the Act. To illustrate the Department's progress in meeting its general goal of ensuring that no person is displaced as a direct result of a HUD or HUD-assisted activity unless an affordable, decent, safe and sanitary replacement dwelling is available, Part II of the 1979 Report discusses a number of specific actions that were proposed or that already had been implemented administratively.

To ensure that persons who have been displaced under certain HUD programs and activities that are not subject to the Uniform Relocation Act receive appropriate relocation assistance, HUD has provided additional regulatory and administrative protections under the Urban Development Action Grant program, the Section 312 Rehabilitation Loan program, the Public Housing Development Program (turnkey activities) and the Section 8 program. In each of these programs, HUD has applied relocation requirements that are similar in many respects to requirements under the Uniform Act. In addition, where appropriate, the extent of displacement caused by the project is a factor in project selection. In the Section 8 Substantial Rehabilitation program, certain costs incurred by the owner in altering construction schedules to minimize displacement can be included as a project expense. Any additional regulatory or administrative actions (or alteration of those that are currently in effect) will occur as part of the Department's ongoing review of its programs.

Technical Assistance

CDBG Innovative Grants for Anti-Displacement Activities

In late 1979 HUD awarded Innovative Grants under the Community Development Block Grant Program to twelve local governments for creative anti-displacement activities. The grants, which were awarded competitively, were designed to develop models of ways to assist low- and moderate-income residents of revitalizing neighborhoods to remain in their communities. These projects are summarized below. They provide examples of activities that local governments might undertake to address displacement. A more detailed description is provided in Appendix A.

The twelve cities and their projects are as follows:

-- Baltimore, Maryland is providing low and moderate income residents with homeownership and cooperative housing opportunities through a nonprofit real estate corporation as a vehicle for "intervention buying".

-- Brookline, Massachusetts has established an equity transfer assistance program to assist low- and moderate-income households to purchase their apartment units that are undergoing condominium conversion. A household counseling component provides additional assistance.

-- Charlottesville, Virginia has developed a program of deferred and short-term revolving loans for home purchase and rehabilitation, in addition to housing counseling and temporary relocation assistance, to enable low-income families to remain in the 10th and Page neighborhood;

-- Columbia, South Carolina is assisting low-income residents to remain in neighborhoods through the conversion of 18 houses into at least 42 smaller, more affordable units. No-interest, deferred payment loans will be used for the rehabilitation. The units will be kept affordable through the use of the HUD Section 8 Moderate Rehabilitation Program.

-- Denver, Colorado is combatting displacement in the City and County through such measures as interim financing, mortgage payment assistance, referral services and public education.

-- Fairfax County, Virginia has undertaken the improvement of the Woodley-Nightingale Mobile Home Park which is slated for reconstruction and expansion under a city redevelopment plan. Despite numerous deficiencies, the park is, for many of its residents, the only feasible and affordable housing alternative within Fairfax County. The plan will improve housing conditions in the park, reduce overcrowding and provide residents with the opportunity to purchase their mobile homes and share in the ownership of the mobile home park on a cooperative basis.

-- King County, Washington is purchasing condominium units for rental to low-income elderly households facing displacement as a result of the conversion of their apartments to condominiums;

-- Los Angeles, California is converting an industrial building to 150 units of transitional housing for displaced persons and homeless indigents in the downtown central business district redevelopment project area;

-- Minneapolis, Minnesota is using grant funds to acquire and rehabilitate 104 vacant and/or absentee owned single, duplex or multifamily units for rental and/or resale to low- and moderate-income families in order to minimize displacement in the Phillips Neighborhood Strategy Area;

-- Santa Barbara, California is taking steps to acquire and rehabilitate a 13-unit complex which will be converted to a model limited equity housng cooperative. The project includes a down payment loan fund to assist individual low and moderate income households to join the cooperative.

-- Seattle, Washington is rehabilitating a vacant three-story hotel for use as permanent single room occupancy for low-income persons (on the second and third floors) and for commercial purposes (on the first floor).

-- Washington, D.C. is using its grant to assist low-income tenants and tenants associations to exercise their "first right to purchase" their present housing under the City's Rental Housing Act.

Designing Local Strategies to Deal with Public and Private Displacement

In November 1979, HUD awarded technical assistance contracts to several small consulting firms to work with city, private sector and neighborhood organizations in their individual cities to develop revitalization stategies that minimize displacement. Each contractor was to initiate a planning and decision making process for dealing with displacement and to develop a local strategy that could serve as a model for other cities.

Three of the projects produced particularly useful results which can aid other cities in their search for methods to deal with revitalization-induced displacement. Each of these contractors provided technical assistance in developing a strategy and suggested regulatory and programmatic approaches for maintaining a supply of affordable housing and creating new affordable housing in order to minimize the harmful effects of displacement. Summaries of these three projects follow; additional information on the strategy development process is included in Appendix B.

Boston. Although the most obvious revitalization in Boston is downtown, many other residential areas are also being transformed into highly desirable neighborhoods. Still, actual displacement due to revitalization is difficult to identify. While disinvestment and abandonment continue in some areas, other areas are experiencing a slow loss of low income housing through conversion to upper income use. The development of an office-based economy downtown is attracting professionals who are stimulating gentrification that will probably accelerate in the near future. The Boston strategy development was coordinated under a contract with OKM Associates.

The proposed strategy reflects the perception that the city needs to change and reorder its priorities. The lack of recognition of the negative side of revitalization was identified as a problem. The city had previously thought of displacement as occurring only when the government was involved. The following actions were recommended:

1. Assisting households to remain in place.
   - Passage of the right of first refusal legislation.
   - Development of an inner city industrial park to create jobs.
   - Designing of a tenure conversion assistance program to help renters become owners.
2. Development of additional housing.
   - Rehabilitation of Public Housing.
   - Support of Community Development Corporations from the city.
3. Steps to reduce hardships to families facing displacement.
   - Establishment of a displacement mediation service.
   - Development of a mechanism for intervening in the disposition of defaulted property before the owner loses the property.

A displacement conference was held to bring together the important groups in the housing field -- the city, private sector and neighborhood organizations in order to focus on OKM's recommendations. It served to highlight the problems and share suggestions for containing displacement caused by revitalization. The effort of managing revitalization so as to minimize displacement is now the responsibility of the city. The Citizens Housing and Planning Association, which was involved in the process, will continue the leadership, promote the recommendations and continue the dialogue with the city begun by this contract.

Jersey City. Downtown Jersey City may be viewed as a prototype of neighborhood revitalization on the verge of causing displacement. The housing market in Jersey City is tight; the lack of rental units in surrounding municipalities and the need for easy access to transportation and employment means that most potential displacees are trying to remain in Jersey City. Due to the revitalization occurring in downtown neighborhoods, other areas in the city have received an influx of displacees causing overcrowding and under-maintenance of multifamily dwellings. Within this context, Rick Cohen and Associates worked with numerous neighborhood, church, and public sector officials to develop a strategy for inclusion in the city's CDBG program.

In developing their strategy, Jersey City established a number of goals to guide their recommendations. These goals include allowing people the option of remaining in their neighborhood, and providing decent housing and assistance to all who are displaced by public or private revitalization.

In conjunction with the working groups, a number of initiatives were developed for Jersey City:

- Neighborhood planning to involve neighborhood residents, a comprehensive and continuous process.

- A housing clinic and resource center to conduct an active outreach effort to inform residents who are likely to face displacement about displacement regulations and their rights.

- An anti-displacement ombudsman in the housing clinic to establish the displacement strategy tracking system and review the potential displacement under all housing programs.

The financing and coordination of these initiatives is through the community development program.

To implement the strategy, the Mayor and City Council accepted the Working Group's strategy outline and it will become part of the CDBG Year 7 application. There is a proposal for the Working Group to become an advisory body to the Council. In addition, a few of the proposed initiatives were included in the CD budget: the anti-displacement ombudsman, a tracking system for displacement caused by private revitalization, and the development of buffer units as a temporary relocation resource.

San Francisco. San Francisco has already experienced extensive private sector revitalization, and as a result, low income residents throughout the city are susceptible to displacement. Property values are among the highest in the country and the age and quality of the city's housing stock are very attractive. The multifamily rental stock continues to be threatened by condominium conversions. San Francisco is becoming increasingly white collar, attracting more professionals to the city's housing market, thus putting a squeeze on the already limited amount of available low and moderate income housing. It was against this backdrop of widespread and intensive revitalization that Berkeley Planning Associates (BPA) was contracted to develop a displacement strategy.

The recommendations for a comprehensive anti-displacement strategy focused on two broad goals--retention of the existing supply of affordable housing, and creating new permanently affordable housing for low and moderate income households. To achieve the first goal a number of the major changes were recommended in the city's regulatory policies:

1) strengthening rent control by eliminating or modifying vacancy decontrol and requiring relocation assistance to protect tenants from rapidly increasing rents;

2) strengthening the condominium conversion ordinance which controls the number of conversions;

3) enacting regulations to stop the conversion of residential hotels and apartment units to tourist use.

To support these efforts, a number of programmatic recommendations were also made: (1) reallocating Community Development funds to provide subsidies for the retention of a supply of affordable housing for low and moderate income residents and (2) halting public efforts to stimulate further neighborhood revitalization that does not increase the low income housing supply.

BPA's recommendations for creating new permanently affordable housing for low income people included:

(1) making unused city-owned properties available for low cost housing development;

(2) establishing a non-profit land trust to hold sites until a developer and financing are identified;

(3) development of limited equity coops and condos;

(4) making use of Section 235 for development of affordable units; and

(5) establishment of a CDBG funded revolving loan fund for Housing Development Corporations for pre-development costs.

In implementing the strategy, the City Planning and Development Department will use BPA's report in preparing the CDBG three-year plan. On the regulatory side, the Residential Hotel Conversion ordinance was passed, and a proposal for a moratorium on condominium conversion is being considered by the Board of Supervisors. BPA's distribution of their recommendations served to support the on going efforts of housing activists in the city who will continue to work on these issues. Further implementation of recommended strategies depends on the actions of the city staff, the Board of Supervisors, housing activists and the residents.

Summary

Each contractor dealt with the unique problem of reinvestment and displacement in its city. San Francisco evidences the most advanced stage of revitalization and displacement. To make use of BPA's technical assistance, the city requested an objective and comprehensive status report on the San Francisco housing supply before strategies could be discussed. BPA's status report served to increase public awareness and attention on the advanced stage of reinvestment and displacement and the need to to maintain and create affordable housing for low and moderate income residents.

OKM's work with Boston was in the context of a city experiencing some gentrification in some neighborhoods. Despite the initial reluctance of the city to become involved in the problem, OKM was able to bring together city agencies and neighborhood groups in order to present its strategy. A primary achievement of OKM's efforts was the close involvement of those neighborhood groups already concerned about displacement and in a position to carry out strategy efforts after the duration of the contract.

Of the three cities discussed, Jersey City has experienced the least amount of revitalization, but as a result of downtown development and a tight housing market, some displacement has been caused. Because of this, the city was particularly responsive to the type of technical assistance offered by the contractor. It accepted the strategy and incorporated it in the CDBG 3-year revitalization plan. The formation of a Working Group comprised of city staff, neighborhood and church groups and the private sector proved to be an important vehicle for the discussion and development of anti-displacement strategies and for future implementation.

Neighborhood Projects

The following are examples of housing rehabilitation projects that neighborhood organizations are undertaking with HUD assistance as part of strategies to deal with displacement resulting from middle-income reinvestment and rising costs in low- and moderate-income neighborhoods:

Inquilinos Boricuas En Accion (IBA), Boston's South End. Boston's South End has experienced extensive private reinvestment rehabilitation and gentrification over the past 15 years, forcing many low- and moderate-income residents, most of them Hispanic or Black, to move into worse areas of the City. IBA, a Hispanic neighborhood corporation, is engaged in housing rehabilitation and new construction to serve the needs of low- and moderate-income people and thus avert their displacement from the area.

Manhattan Valley Development Corporation (MVUDC), Upper West Side of Manhattan. Manhattan's Upper West Side has recently become very attractive to young professionals who have been buying and rehabilitating houses. MVUDC is rehabilitating several large late 19th century apartment buildings totalling more than 200 units which will serve low- and moderate-income people who want to stay in the area.

Manchester Citizens Corporation (MCC), Pittsburgh's Northside Manchester Neighborhood. Manchester is a historic district which has begun to experience some gentrification and displacement. To combat displacement, MCC is buying, rehabilitating and renting or selling apartments and houses to low- and moderate-income neighborhood residents. MCC is rehabilitating Victorian houses and building new solar townhouses to serve these needs.

Youth Education and Health in Soulard (YEHS), St. Louis' Soulard Neighborhood. St. Louis' historic Soulard neighborhood, which has a low- and moderate-income white population, has become attractive for private reinvestment, rehabilitation, and real estate speculation by absentee owners. YEHS is trying to meet the needs of the resident low- and moderate-income population by buying and rehabilitating deteriorated buildings. Priority is given in the renting of rehabilitated buildings to displaced households and rental assistance is provided through HUD's Section 8 program.

Savannah Landmark Rehabilitation Project, Inc. (SLRP), Savannah's Victorian District. Savannah Landmark is trying to demonstrate that historically significant areas can be preserved while at the same time serving the needs of resident low- and moderate-income people and averting their displacement. SLRP has purchased and is rehabiltating more than 200 houses, most of which are late 19th century frame structures. SLRP has used a variety of HUD resources including Innovative Grants, Section 312 Rehabilitation Loans, Section 8 Rental Assistance, Community Development Block Grant funds, a Neighborhood Self-Help Development Grant, and an Urban Development Action Grant.

Housing Counseling and Related Efforts

HUD has funded a number of housing counseling anti-displacement projects. They are described below:

- The Fremont Public Association (FPA) in Seattle is providing technical services dealing with displacement problems in downtown Seattle and surrounding neighborhoods including Denny Regrade, Lower Queen Anne, and First Hill. FPA is enlisting residents to form neighborhood organizations, advising and assisting the organizations to coordinate with and join a citywide displacement coalition, identifying housing to be acquired and rehabilitated, and carrying on other related activities.

- PUSH, Inc. has established a housing counseling agency in Columbus, Georgia. The new agency has as its prime objective the development and implementation of anti-displacement strategies for residents in the greater Columbus area.

- The National Association of Housing Cooperatives (NAHC) assised by the National Urban Coalition has held a series of 15 workshops throughout the country to train participants in the technology and practice of cooperative conversion and how such conversions can be used to prevent and reduce involuntary displacement of low- and moderate-income families, the elderly and the handicapped.

- The National Association of Neighborhoods (NAN) will utilize a HUD grant to help 60 HUD certified Housing Counseling agencies to develop and incorporate counseling on displacement prevention into their housing counseling programs. The agencies are located in 15 cities.

- Under a cooperative agreement with HUD, the National Trust for Historic Preservation (NTHP) has provided information, training and technical assistance services to neighborhood organizations involved in historic preservation. In designing and conducting those training and information services, a special effort was made to reach organizations which represent the low- and moderate-income and minority neighborhoods which may be adversely affected by displacement through historic preservation. In selecting cities and neighborhoods for field visits and technical assistance an effort was made to identify locations and organizations which were not benefiting from these programs and other resources at NTHP and HUD.

Information Dissemination

In order to provide a resource for local governments, neighborhood organizations, public interest groups, and others concerned with displacement prevention, HUD has sponsored the development of a number of publications.

One HUD funded anti-displacement handbook, Neighborhood Transition Without Displacement: A Citizen Handbook, was written for neighborhood groups and focuses on strategies to fight displacement. The guidebook also provides information on Federal programs that support neighborhood revitalization while trying to minimize displacement. The report was published by the National Urban Coalition in 1979, and is available directly from the Coalition.

Gentrification and the Law: Combatting Urban Displacement examines the legal aspects of the displacement issue. Although the report relies heavily on legal mechanisms in the state of California, the types of laws, policies, programs and regulations examined are of much broader applicability. The report covers such areas as real property taxation, anti-redlining measures, rent stabilization, condominium conversions, antispeculation taxes, land use controls, environmental protection, code enforcement, historic preservation, and relocation law. This report, which is currently being revised, is expected to be completed by the end of 1981.

In late 1981 HUD will publish Neighborhood Reinvestment Without Displacement: A Handbook For Local Government. The publication examines displacement strategies which city governments working with community organizations can implement to help minimize displacement. The handbook pays particular attention to the difficulties confronting low- and moderate-income families in reinvestment neighborhoods.

In addition, HUD has published a relocation technical assistance guide entitled, Looking Beyond the Walls: A Guide to Relocation to assist local government officials in administering relocation programs, and particularly those programs subject to the Uniform Act. The guide covers planning, organization, working with tenants, social services, and other topics, concentrating on those elements of a successful relocation program that are not an appropriate subject for mandatory rules.

Two guidebooks dealing with the Community Reinvestment Act might also be of interest to communities faced with displacement pressures. These guidebooks, Assessing Community Credit Needs, and Neighborhood-Based Reinvestment Strategies which are designed to assist residents in preventing redlining, may also be useful to neighborhood organizations interested in promoting reinvestment in a way that benefits current residents. They were developed by the Center for Community Change, the U.S. Conference of Mayors, and the National Community Development Association. A limited number of copies are available from the U.S. Conference of Mayors.

IV. CONCLUSIONS AND RECOMMENDATIONS

A number of significant policy issues must be addressed in making further recommendations on the need for and content of a national policy on displacement. The Department's experience in this area and the results of HUD-funded research and technical assistance projects suggest answers to many of these issues. However, in recognition of the insights that can be gained only from those who must address the issue first-hand on a day-by-day basis, the Department has carefully considered the comments of those individuals and groups who responded to the December 16, 1980 Federal Register Notice.

This chapter highlights some of the most important issues and presents HUD's conclusions and recommendations.

1. What is an appropriate definition of displacement to use in determining public policy?

Any attempt to measure the extent of displacement must address the issue of how displacement should be defined. Part I of the 1979 report discussed the difficulties in establishing a single definition of displacement that would be universally workable or acceptable. The ideal definition would be unambiguous and would set standards against which the degree of displacement activity and the effects on displacees could be assessed. Although there is no perfect definition of displacement, HUD has found the Grier and Grier definition cited in Chapter II (see page 5) to be conceptually the most useful. This definition contains two crucial components: the requirement that the move be necessitated by housing or neighborhood-related factors beyond the household's control, and a requirement that these factors make continued occupancy infeasible (as opposed to simply undesirable).

A number of modifications and alternatives to this definition have been proposed. Chapter II contains examples of a number of them. Some of these other definitions differ from the Grier and Grier definition in that they (1) consider only general market forces (e.g., presence of revitalization activity) and do not examine individual households' reasons for moving; (2) count as displacement some moves which are not beyond the household's control (e.g., eviction for cause) if the household is somehow "justified" in failing to meet certain conditions of occupancy; or (3) include post-move conditions as a criterion for determining whether displacement has occurred.

Definitions which do not take into account individual households' specific reasons for moving, even where revitalization activity is present, may inappropriately include voluntary moves which would have been made under any circumstance (e.g., those due to a change in family composition). Definitions which consider moves which are not beyond the household's control generally are not workable because they are so dependent on the circumstances in individual cases. For example, families who have been evicted because they failed to pay their rent as a result of a dispute with the property owner -- whether they are justified in doing so or not -- have not been "displaced" in the same manner as persons who must move for other reasons. Definitions which consider post-move conditions not only ignore genuine forced moves, but also confuse the issue by causing a household to be alternately classified as displaced or not displaced depending on when the information is gathered. For example, if six months after the move, a household occupies inferior housing, but a year later that household has moved into a unit of better quality than the first, some definitions would place that household in one category at the first point in time, and in another at the second. This is unacceptable if research efforts are to yield consistent, reliable results. It also raises the possibility that households may become "un-displaced." For these reasons, HUD continues to believe that the Grier and Grier framework is the best available conceptual definition.

The Department's own research, as well as that conducted by many other analysts, has relied on the Griers' definition or an adaptation of it. This definition is used primarily because it provides a basis for determining what measurable occurences should be considered to indicate displacement moves. Operational definitions based on this conceptual definition must necessarily vary according to the types of data which either are currently available or can be collected with available resources.

2. What information is known about the nature of displacement?

Although displacement is not a widespread national phenomenon in terms of the numbers of persons and the percentage of recent movers who have been displaced, the data indicate that it remains a problem in some areas of major cities and can have a serious impact on the neighborhoods and households involved.

Chapter II discusses research reports and the information contained in the public comments on the nature, cause(s) and extent of involuntary displacement. Among the issues discussed are the numbers and characteristics of displaced families and individuals, the types of locations and circumstances in which displacement is occuring, and the characteristics of the present housing of those who previously have been displaced. It is apparent that involuntary displacement is not an easily described phenomenon and that its impacts are as varied as the locations in which it is occurring. Displacement may result from private disinvestment, private reinvestment, and government programs. All of these forms of displacement can occur simultaneously in the same city or neighborhood.

Displacement caused by disinvestment may result from the abandonment of housing because of an owner's inability or unwillingness to make major repairs or to pay outstanding tax, utility, or maintenance bills. Disinvestment may also take the form of the withdrawal of essential police, fire, health and educational services from selected neighborhoods, thereby removing the foundation for a stable and economically healthy community. Arson-for-hire has been reported to be a problem which causes massive commercial and residential dislocation in some cities. Some observers believe that speculators may intentionally accelerate disinvestment as a tactic to displace people prior to redevelopment.

The increased demand associated with private revitalization activity often results in rent increases that are not affordable by current residents, or in the conversion of properties to new uses (e.g., condominium/cooperative ownership, change from residential to commercial uses, etc.). Moves resulting from these circumstances are examples of displacement related to reinvestment activities.

Finally, government actions comprise a small but visible source of dislocation. Locally-funded projects are also a source of displacement; community development projects, code enforcement, construction of public utilities, and flood control projects are several examples. A number of commenters noted that Federal and local programs that are designed to stimulate the housing market may inadvertently contribute to displacement. Others noted that significant displacement in their communities is caused by private entities which are carrying out Federally-funded local projects in which the government funds did not directly cause the displacement. As noted in the 1979 Displacement Report, this type of "secondary" displacement is especially difficult to address by the Federal government because the linkage between the program and the ultimate displacement may be difficult to establish (or, even if established, difficult to control).

3. How much displacement is occurring? What types of additional research are needed to document the nature and extent of displacement associated with revitalization efforts?

Preliminary Annual Housing Survey estimates for 1979 indicate a private displacement rate of between .8 and 1.1 percent of all households. This is equal to between 600,000 and 850,000 households. Although the upper figure represents an increase from that reported in HUD's 1979 Displacement Report, the difference is due primarily to the addition of households displaced by cost pressures and does not necessarily represent increased displacement activity. As explained in Chapter II, the identification of these households was made possible by recent changes in the AHS questionnaire.

Other HUD research also indicates that displacement affects one percent of U.S. households. While the national incidence of displacement is small, however, more displacement is occurring in specific cities and neighborhoods experiencing revitalization. Thus, the research confirms the local nature of the displacement phenomenon.

The research summarized in this report represents a comprehensive examination of neighborhood revitalization and displacement. Refinements to the Annual Housing Survey have greatly improved its capacity to measure displacement. The preliminary AHS estimates for 1979 are supported by other research.

While the AHS figures do not adhere precisely to the Grier definition, it is probably not possible to derive a more accurate national estimate. Therefore, HUD will continue to rely on the AHS for national displacement data; no additional national studies are contemplated. Given the many forms of displacement, the difficulty in tracking displacees (to confirm that displacement has occurred) and the great differences in local housing markets, it is unlikely that there ever will be a national-level survey or body of knowledge capable of answering all of the difficult questions about the nature and extent of displacement.

Multi-city studies have provided useful information on the pattern of neighborhood revitalization (and its variations) and have produced illustrative information on the effects of displacement in small geographic areas. It is unlikely that additional multi-city research could duplicate the comprehensiveness of the HUD study described in Chapter II, or that such efforts would produce additional insights useful either for national policy-making or for use by local governments.

Because of the variance in local housing market conditions, the results of multi-city studies are not generally applicable to all cities. Additional data collection efforts will be most fruitful if they are restricted to individual cities and are focused specifically on their needs. Therefore, HUD expects to conduct no additional multi-city or neighborhood studies of displacement, but it does encourage local governments to conduct such studies as the need for them arises. These studies should be undertaken with the primary objective of developing local solutions. Cities are encouraged to use their CDBG funds for these analyses.

4. Who is being displaced?

Research results with regard to the types of households disproportionately represented among the displaced suggest that in local housing markets in areas experiencing displacement, housing demand can be expected to come from greater numbers of minorities, low-income households, female-headed families, renters, and possibly the elderly than would be the case in a situation of normal intrametropolitan mobility. To the extent that some of these households have special housing needs (for example, the elderly), local governments should take steps to ensure that these needs can be accommodated if displacement cannot be avoided. Although the research shows that the likelihood for minority groups to be displaced is dependent on factors not solely related to race, local governments should take special care to ensure that any displacement which disproportionately affects minorities in their areas is not the result of differential treatment on the basis of race.

5. What are the appropriate respective roles for Federal, state and local governments, community organizations and the private sector in addressing private displacement?

It would be difficult for the Federal government to dictate a policy that could effectively determine for local communities what an appropriate level of government-supported neighborhood revitalization would be that would not generate unnecessary displacement. A number of the respondents to HUD's Federal Register Notice urged that responsibility for displacement be vested with local government decision-makers and not be a national program directive or regulation.

HUD's recent research confims the Department's earlier conclusion that private market displacement is a local rather than a national phenomenon. Not only is it more visible at the local and neighborhood levels than it is nationally in terms of the percentage of households affected, but in addition, the specific nature of displacement and its impacts vary from locality to locality. Therefore, the Department continues to believe that private reinvestment-related displacement is a problem best addressed at the local level.

6. What policies and programs can state and local governments, the private-sector, and community organizations implement to minimize displacement or to alleviate the problems caused by displacement?

Many localities in which significant displacement is occurring have developed special programs to minimize displacement and to assist those who have been displaced. These programs include counseling and referral services, special financing and underwriting programs to enable existing residents to remain in their present dwellings or neighborhoods, and the imposition of requirements to provide relocation assistance on those who are causing the displacement. HUD's 1979 Displacement Report described a number of these efforts. In addition, HUD's technical assistance efforts described in Chapter II provided support to cities in their efforts to develop innovative solutions that are appropriate to their areas.

A number of respondents to HUD's Federal Register notice gave examples of innovative State and local policies and programs to address displacement. Among them were the following:

- To address reinvestment displacement, the City of Cincinnati passed an ordinance in June 1980 which provides for relocation assistance to any person displaced as a result of any project or program receiving city assistance if that person lives in an "eligible" UDAG area or City Council-designated housing revitalization area. The maximum payment is $2,500.

- The City of St. Louis requires redevelopers as well as those receiving CDBG funds for housing-related activities to submit a comprehensive relocation plan. In addition, through a cooperative agreement with a consortium of agencies such as the Salvation Army, a "Relocation Clearinghouse" has been established and is being financed by the City of St. Louis to assist displacees. This innovative program is designed to provide technical assistance to relocatees who have been displaced generally (although not entirely) through private market forces and through public code enforcement.

- A new Iowa State Housing Code requires cities with a population of 15,000 or more adopt either a National Housing Code or develop and establish their own code if it is more stringent than the model code. The new State Code requires the adoption of enforcement procedures that call for regular inspections of rental property. One of the provisions of the State Housing Code is that "the enforcement procedures shall be designed to improve housing conditions rather than displace persons from their homes."

A number of commenters also submitted copies of guidebooks and manuals containing examples of displacement strategies that could be used by local governments and neighborhood groups. Organizations that have prepared such manuals include the Tri-State Regional Planning Commission and the National Urban Coalition.

Recognizing both the benefits of neighborhood revitalization and the negative impacts of reinvestment-related displacement, local governments should ensure that their efforts to encourage reinvestment are conducted in a way that is sensitive to the housing needs of current low and moderate income residents and minimizes the potential for displacement. Local displacement remedies can address any combination of several broad goals and may be targeted to residents of revitalizing neighborhoods or to the housing market as a whole.

The most common goal of anti-displacement efforts is to assist current residents to remain in revitalizing neighborhoods. Tools to assure continued occupancy by renters as renters include rehabilitation subsidies, rent subsidies, anti-discrimination statutes, and housing counseling. Rehabilitation subsidies might take the form of discounted loans to property owners or favorable tax treatment based upon an agreement to limit rent increases for a period of time. Where displacement is believed to be the result of illegal practices, vigorous enforcement of Federal, state and local anti-discrimination statutes forbidding exclusion based on race, marital status, family size, etc. may prevent or effectively discourage unwarranted displacement of renters. Some of these activities can be carried out with CDBG funds. In addition, low income renters can be assisted in remaining in their neighborhoods through the use of Section 8 and scattered-site public housing.

Renters in revitalizing neighborhoods may be encouraged to become owners through efforts such as the Neighborhood Reinvestment Corporation's homeownership promotion program, downpayment assistance, counseling, and technical assistance for cooperative conversion. Federal resources include CDBG and the Urban Homesteading Program.

There is little evidence of displacement among homeowners in revitalizing neighborhoods. Nevertheless, in neighborhoods where renovation activity is being carried out primarily by newcomers, local governments may wish to promote reinvestment by long-term residents through rehabilitation assistance. As an incentive to rehabilitate, current owners may require assurance that their homes will remain affordable once rehabilitated. Property tax relief, rehabilitation grants and loans, home repair and maintenance programs, flexible enforcement of rehabilitation standards, and anti-displacement publicity campaigns may be useful tools for targeting to homeowners. Some of these activities may be carried out with CDBG funds.

As additional assistance to current residents of revitalizing neighborhoods, local governments might also want to consider, where appropriate, the special housing needs of certain population segments. For example, tools to assist elderly residents of revitalizing neighborhoods include reverse annuity mortgages and arrangements for alternative housing designed for the elderly in revitalizing neighborhoods.

Another group of potential displacees whose housing needs may merit special consideration is the single poor, which includes the skid row population. Options for assisting this group include incentives to rehabilitate boardinghouses and residential hotels, as well as the provision of efficiency apartments as replacement housing. These individuals may need special counseling as to their rights and opportunities.

In cities experiencing spot revitalization and displacement, affirmative marketing techniques can be used to spread the demand among a larger number of neighborhoods and ease the isolated pressures on a few attractive areas. Local and/or Federal rehabilitation subsidies in areas of decline and abandonment may also be used for this purpose.

Where displacement cannot be avoided, local governments may wish to ensure that displaced households find reasonable housing alternatives. Relief could be accomplished by expanding the housing supply in cities where new construction is a feasible alternative. Efforts to reclaim abandoned housing would also increase the available supply. These supply side activities can be supported by the Section 8 New Construction or Substantial Rehabilitation and Section 202 Housing for the Elderly programs.

Providing direct assistance to displaced families is another option available to local governments. Rental assistance and home purchase subsidies might be used to aid such households in securing affordable replacement housing.

Finally, in order to encourage revitalization activity without causing undue hardship to neighborhood residents, local governments may wish to consider promoting resident participation in reinvestment activities. This might be done through direct support to local neighborhood organizations to engage in housing development, rehabilitation, and technical assistance.

8. Is there a need for a national policy on displacement? What would be the effect of a strong Federal anti-displacement policy on community development and revitalization activities? What policies, requirements and procedures should be implemented to minimize involuntary displacement and alleviate the problems that it causes?

There was considerable debate in the public comments over the effectiveness of current provisions in HUD program regulations and local policies that address displacement.

Many believed that the current policies are adequate, and specifically cited the benefits that are available under the Uniform Relocation Act and HUD's recent administrative rules for the Section 8 Substantial Rehabilitation and New Construction Programs and the Section 312 Program. Others cited laws and regulations that have been developed by local governments to control the extent and pace of activities that may lead to displacement, and noted that these programs have succeeded in preventing displacement and mitigating its effects.

On the other hand, some believed that the current anti-displacement measures are inadequate. Among the programs and requirements in which improvements were recommended were the CDBG program, the Section 8 new construction, substantial rehabilitation and State Housing Finance Agency regulations, and several of the regulations governing the Low Income Public Housing Program.

HUD will consider all of these comments carefully in its overall review of Departmental regulations that is now underway in accordance with Executive Order 12291 of February 17, 1981, "Federal Regulation."

A number of commenters believed that a strong national anti-displacement policy is needed. Some also believed that the Federal government should assume responsibility for secondary or indirect displacement resulting from Federal or federally-assisted projects. Other commenters urged that the principal emphasis should be on preventing displacement from occurring, rather than on providing relocation assistance once displacement is imminent or has occurred.

Others stressed the need to consider carefully the impact of publicly-supported projects on existing residents of the project area and on the supply of low-income housing before project approval.

HUD endorses the existing national policy enunciated in Section 902 of the 1978 Housing and Community Development Amendments that "... in the administration of Federal housing and community development programs, consistent with other program goals and objectives, involuntary displacement of persons from their homes and neighborhoods should be minimized."

The Department has made an earnest effort to obtain additional data on the displacement phenomenon; to ensure that displacement in connection with HUD or HUD-assisted programs and activities is minimized; to guarantee that persons displaced by HUD programs receive appropriate relocation assistance; and to provide technical assistance to local governments and neighborhood groups to enable them to address displacement occurring in their areas.

After reviewing recent research results, comments submitted in response to HUD's December 1980 request in the Federal Register for recommendations from the public, and other available information, the Department reaffirms its commitment to follow the statutory requirement in Section 902 that HUD minimize the involuntary displacement of persons in connection with Federal or Federally-assisted programs and activities, and where such displacment is unavoidable, to provide appropriate relocation assistance as required. More importantly, HUD will continue to work with State and local governments and the private sector to expand the opportunities available to low and moderate income persons to reside in affordable, decent, safe, and sanitary housing.

The displacement issue is complex, and there are no easy solutions. However, recognizing the inherently local character of displacement, except in the case of direct Federal involvement, the Department believes that localities which are experiencing displacement must assume the responsibility for developing locally-tailored solutions to address the problem when it occurs in their areas. The Department will continue to encourage and support the efforts of State and local governments, neighborhood-based groups, and the private sector to develop appropriate strategies and activities to minimize displacement and any attendant hardship caused by private revitalization.

APPENDIX A.

CDBG INNOVATIVE GRANTS FOR ANTI-DISPLACEMENT ACTIVITIES

Baltimore, Maryland: Housing Assistance Corporation (HAC) Anti-Displacement Project

The purpose of the Baltimore project is to provide homeownership opportunities in low income neighborhoods where displacement pressures are building. The HAC was established as a non-profit corporation to provide a vehicle for quick "intervention buying" to make properties available to potenial low- and moderate-income displacees. The activities of the HAC are concentrated in four neighborhoods. The two-year goal is to purchase 44 single family structures and 15 rental units. Since May 1980, the organization has acquired 31 single family properties and is in the process of purchasing 15 units of rental property.

Brookline, Massachusetts: Equity Transfer and Housing Counseling Programs

The City has been awarded an Innovative Grant to establish a demonstration project aimed at mitigating or eliminating the effects of neighborhood displacement. The demonstration project has two principal components. The first is an equity transfer assistance program which is available to low and moderate income households threatened with displacement due to condominium conversion. The equity transfer assistance program differs from other housing subsidy programs in that a permanent lien (second mortgage) in an amount equal to the equity assistance is placed on the dwelling unit. This second mortgage will be recapturable in full upon resale of the unit, thereby reverting to a permanent equity assistance fund which could be utilized to assist additional low and moderate income households. An estimated 30-40 transfer payments will be made during the two-year project period.

The second component of the program addresses the human aspects of condominium conversion and displacement. A household counseling component has been established as part of this demonstration program to offer financial and rehabilitation counseling assistance and referrals, as well as general counseling to help mitigate the trauma caused by the threat of condominium conversion and displacement.

Charlottesville, Virginia: Housing Loan/Counseling

The purpose of the Charlottesville Innovative Grant is to promote homeownership among low and moderate income families in the City's Tenth and Page neighborhood, an area whose stability is threatened by the influx of University of Virginia students seeking rental housing. This situation has led to rent increases, the construction of large apartment complexes, and the conversion of single family homes into rental units within the neighborhood. The Innovative Grant will promote stability through homeownership under its three major components:

1) House Bank/Deferred Loan Program -- This program will allow low and moderate income residents to purchase rehabilitated homes at a greatly reduced price. The purchasing family will be able to apply for a deferred loan to finance all or part of the rehabilitation costs.

2) Short Term Revolving Loan Fund -- This fund would finance short term low interest loans to remove financial barriers to low and moderate income households becoming homeowners, and to finance repairs to eliminate city housing code violations.

3) Housing Counseling, Housing Code Enforcement and Citizen Involvement -- Funds will be used to enable citizens and non-profit groups to develop and utilize their resources to stimulate housing rehabilitation and increase homeownership.

The City has purchased the first house bank property. Two additional houses are under option by the City's Housing Authority. The final regulations for the Short Term Revolving Loan Program have been approved by the City Housing Board.

Since February 1981, the City Inspections Division has inspected 48 dwellings under the Innovative Grant concentrated housing code enforcement program. The owners and/or occupants of the 19 dwellings found to be in violation of the City Housing Code were given literature on how to submit applications for the rental repair program.

Columbia, South Carolina: Home Conversion Project

The City of Columbia is undertaking a two-year program, which began in August 1980, to assist low income residents of rejuvenating neighborhoods to remain in the area by rehabilitating and converting their houses into duplex, triplex or quadraplex housing and thereby providing new housing options for low income residents, especially those displaced by other renewal activities. Eighteen houses will be converted into at least 42 units through the provision of no-interest, deferred payment loans. HUD's Section 8 Moderate Rehabilitation Program will be used to ensure that the newly created units remain affordable for low income displacees. The City staff have conducted neighborhood meetings in three of the City's Neighborhood Strategy Areas. Promotional materials have been published advertising the program and are being distributed in the neighborhoods as part of the outreach efforts. Once potential applicants are identified, loan applications are prepared and processed, the specification writer draws up a preliminary specification and cost estimate on the house conversion, and the rehabilitation work is awarded to a contractor. After conversion, the management and maintenance of the units will be contracted to the Columbia Housing Authority.

Denver, Colorado (City and County): Residential Displacement Strategies

The program as proposed was to consist of six remedial and preventive measures to minimize displacement, including provisions for the following:

- interim financing for a non-profit organization to purchase and renovate a downtown residential hotel to protect and improve the supply of housing for low income elderly persons;
- mortgage payment assistance for low income renters in neighborhoods undergoing revitalization;
- referral services to provide one-step information and counseling services to persons with housing-related problems;
- public education and technical assistance to encourage the formation of housing cooperatives and the establishment of a fund to secure options on buildings where cooperative financing is being sought;
- a Section 8 set-aside for low income persons displaced by private reinvestment activities (40 units); and
- the conversion of a surplus school to affordable housing for low income elderly persons.

The Denver Project has encountered a number of obstacles since its inception. The renovation of the downtown Bart Hotel has been severely hampered as a result of the termination of the HUD 312 program, which was to provide the funds to carry out the proposed rehabilitation activities. The conversion to housing of surplus schools has been delayed as a result of the School Board's refusal to sell the schools. The referral services portion of the project is in place and operating smoothly.

Fairfax County, Virginia: Mobile Home Park Reconstruction

The County proposed to improve the Woodley Hills-Nightingale Mobile Home Park. The privately-owned park is congested and overcrowded; the lot size is too small for modern mobile homes; the street system is poorly designed and deteriorated; flooding and soil erosion are common; electrical service is a hazard; and the community lacks adequate fire protection, recreational facilities, and utilities. Despite these deficiencies, for many of the residents, this is the only feasible and affordable housing alternative within Fairfax County. Through the use of Innovative funds, the County will improve conditions in the park and provide the residents with the opportunity to own their mobile homes, and create cooperative resident ownership for the park itself.

King County, Washington Condominium Purchase Program

The King County Housing Authority is purchasing up to 30 one bedroom condominium units for resale to low and moderate income elderly residents of King County who are affected by displacement pressures resulting from urban revitalization. The acquisition of the units has been completed, and a total of 25 one bedroom units are available to elderly low income residents. The King County Housing Authority is presently in the process of renting the units to qualified applicants.

Los Angeles, California: Skid Row Transitional Housing

The City of Los Angeles is undertaking a three-year program, which began in July 1980, designed to get displaced persons and homeless indigents into temporary dormitory housing, with the ultimate goal of placing them in more conventional housing. This will be accomplished with the transitional Housing Program utilizing Innovative Grant funds to purchase a commercial/industrial building and convert it to accommodate 150 beds, group living quads, shower rooms, a kitchen and dining facility, offices for social service workers and intake, a laundromat, indoor recreation and training areas, and an outdoor recreation area. The building has been purchased by the Skid Row Development Corportion, the non-profit group contracted by the City to carry out the project. The City of Los Angeles is engaged in a central business district redevelopment project in its downtown area, of which the Skid Row revitalization effort is one component. The transitional housing provided through the Innovative grant program will address the vital need in the Skid Row area of providing adequate housing. The project will include a number of social, health and other services in addition to shelter. Continuing support of the housing project will come from rental receipts, employment training programs, volunteer groups, church groups, interns from local universities, County Department of Public Social Services shelter vouchers, and fund raising and economic development activities of the Skid Row Development Corporation.

Minneapolis, Minnesota: Rental Ownership Conversion

The primary objective of this project is to minimize the effects of displacement in the Phillips Neighborhood Strategy Area through the provision of affordable rental housing to the area's low and moderate income families and the conversion of these units into permanent homeownership through an option to purchase.

The city plans to provide 104 rental units to low and moderate income persons. Other supportive activities will include housing counselling, career development, personal financing, home maintenance, family management, property ownership, and other social and economic service needs. During the rental period, the property will be owned and managed by a community based non-profit corporation. The program participants will receive assistance in the form of a decreasing rent subsidy through the Section 8 Existing Housing Program.

Santa Barbara, California: Cooperative Housing Lending Program

The City of Santa Barbara is undertaking a one year program, which began in September 1980, to minimize the displacement of low and moderate income households caused by the very expensive and tight housing market in the City. The HUD Innovative Grant funds are being used to assist with the interim financing requirements of the acquisition and rehabilitation of a 13 unit complex which will be converted to a model limited equity housing cooperative. Twelve families were selected for the first cooperative effort. It is expected that the members will take occupancy as tenants and that the final financial closing for the project will occur in October 1981. The project will then be converted to a cooperative and the membership shares sold. The HUD Innovative Grant funds will be placed in a down payment loan fund to provide individual down payments to low and moderate income households needing such assistance to join the cooperative.

Seattle, Washington: Rehabilitation of the Atlas Hotel for Single Room Occupancy

The Atlas Hotel is being rehabilitated to provide 46 housekeeping, studio, and one-bedroom units for lease to low-income permanent residents of the downtown Seattle area. The intent is to provide single room occupancy options for potential individual displacees. The rehabilitation is to be financed through a development loan of which $639,000 is Innovative Grant funds. Total loan costs should be approximately $1,000,000. Construction is scheduled to be completed in early 1982.

Washington, D.C.: First-Right-to-Purchase Assistance

The District of Columbia was awarded funds to assist tenants to exercise their first right to purchase their present housing, as provided under the D.C. Rental Housing Act of 1977. The project is designed to facilitate direct ownership by lower income tenants facing displacement in the hopes preserving lower income housing resources in revitalizing neighborhoods.

The assistance will be provided to individual tenants in single family and apartment units as well as to tenant associations. The assistance can include: earnest money loans; loans for purchase options; downpayment assistance; subordinated trust mortgage loans, which provide "gap" financing for cooperative development costs; and management training for tenant associations in assisted multi-unit buildings.

APPENDIX B.

LOCAL ANTI-DISPLACEMENT STRATEGIES: STRATEGY DEVELOPMENT PROCESS

The following material provides additional information on steps involved in developing the local anti-displacement strategies discussed in Chapter III. This technical assistance project is described and the strategies are presented on pages 75.

Boston

OKM concentrated most of its efforts on nurturing a planning process which relied on research or data collection that had been done by the city and local universities. These studies include: a city study on condo conversion, a study of the housing market, and a study of the market and social changes in Jamaica Plain. These studies documented that revitalization is taking place in the city very slowly, but that the potential for displacement of existing residents is great.

OKM's contribution to the data on displacement were case studies of changes in ownership in three-decker housing and small apartment buildings. OKM reported that merely changing ownership with the assumption of a high interest mortgage doubled the amount of rent required to cover expenses. OKM identified other displacing actions: rooming and lodging houses are being converted to single family and condominium use; student housing is being returned to the regular housing market; and run down buildings are being restored and converted to condos.

OKM made a serious and largely successful effort at convincing a wide variety of people of the critical importance of the displacement issue. The targets were the media and the city leadership. In presenting the issue to the media, OKM staff appeared on talk shows, gave interviews and information to reporters. OKM established contact with two key departmental heads who were kept informed of OKM's strategies and were given copies of documents and papers for comments. These two city officials assigned staff assistants to work on the project.

OKM evaluated the CDBG program and worked with the Mayor's Commission on "Housing in the Eighties" to establish its agenda. As a result, the Commission's report to the Mayor will include a special section on displacement, and the revised CDBG application addresses displacement. The Displacement Conference held by OKM to discuss the displacement strategy was co-sponsored by the city, the State, the Metropolitan Planning Council and the Citizen's Housing Planning Association.

Jersey City

The data collection and analysis phase of the work included developing a neighborhood profile, performing a housing market analysis, assessing public programs, and developing a system for relocation tracking and mapping. The neighborhood profile provided a comprehensive look at the present community, past changes, and possible future changes. It also examined the history, demography, housing, community institutions, retail commercial district, and educational resources. Census and grant information was used along with discussions with city officials, community residents and neighborhood merchants.

San Francisco

One of the first tasks of the BPA contract with HUD was to assess the nature and extent of revitalization activities in the city that may involuntarily displace residents. The data gathered for the report included a survey of local sources of information on investment patterns; interviews with community organizations, lenders and realtors; analysis of the Loan Register from the California Department of Savings and Loans; and available rent, income, housing vacancy and eviction data from the city. Findings were published in "Displacement in San Francisco: A Status Report" (September 1980).

As their primary contact and client in the course of providing technical assistance in developing an anti-displacement strategy, BPA worked with the San Francisco Office of Community Development (OCD), which administers the city's CDBG Program. The work plan was devised to meet the needs of the OCD staff. Two advisory groups, the Citizens Committee for Community Development (CCCD) and an ad hoc working committee of city agencies reviewed and commented on the major work efforts of the contract, specifically information gathering, program analysis and strategy development. The city agencies included the Department of Real Estate, Bureau of Building Inspections, the Redevelopment Agency and the Housing Authority. Since OCD and the other agencies would be responsible for implementing any policy and program options, it was felt that they should be intimately involved in the process of strategy development.

Other groups were also involved in the process. Community Planning and Development personnel in the HUD Area Office were consulted to discuss the city's CDBG efforts and HUD policies to avoid impaction of assisted housing. The Citizens Housing Task Force (a group of housing activists) worked with BPA, particularly in the information gathering phase, which included a summary of existing data on rent and income levels needed as a basis for making recommendations on rent stabilization. BPA also contacted a number of community organizations through the staff at the San Francisco Lawyer's Committee for Urban Affairs. While no formal working committee of representatives from the private sector real estate industry was established, contracts were made through interviews and distribution of the status report for comment.

The housing market analysis and public program analysis concentrated on how housing is affected by public programs and how this translates into displacement pressures. The housing market analysis included data from property tax lists, census data, mortgage disclosure data, the registry of deeds, and the Building Department records. The relocation tracking and mapping identified new neighborhoods of individuals and families who are relocated due to public programs, code and fire violations. This made it possible to assess how these moves might affect other neighborhoods.

The major component of Rick Cohen's technical assistance efforts was the formation of working groups to give neighborhood residents and city agency staff the opportunity to work together to create an anti-displacement strategy. The Public Sector Working Group included program directors from eight city agencies which developed a number of topics which were to be addressed in the final anti-displacement strategy. These included (1) inter-agency coordination; (2) the effect of HUD's policies; (3) real estate practices; (4) alternate forms of property management, and (5) data collection. This group used these topics as a framework for developing the final displacement strategy.

The Church/Neighborhood Working Group outlined measures a number of to deal with the displacement problem, including: (1) improved planning by the city; (2) monitoring of city planning and community development programs; (3) additional funding for neighborhood outreach to provide anti-displacement counseling; (4) non-solicitation statutes; (5) neighborhood education; (6) homesteading; (7) right-of-return agreements; (8) homeowner and tenant counseling; and (9) scattered site housing.

Since the final displacement strategy must be adopted by the city council in order to be incorporated in the CDBG Year 7 application, a workshop was held for the City Council of Jersey City by Rick Cohen, HUD Area Office staff and the Public Working Group to explain the displacement issue in the context of the CD application and the planning process.

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